FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,133 — Friday September 30 1983 — D 8523 B

Andropov passes an ominous milestone, Page 3

NEWS SUMMARY

GENERAL

France delays jets for Iraq

President François Mitterrand has ordered a delay in the delivery from France to Iraq of five Super Etendard jets. Western governments and oil companies feared delivery could escalate the Gulf War.

Meanwhile, he is exploring other ways of easing the pressure on Iraq, including a proposal that Syria reopen the oil pipeline to the Mediterranean, allowing Iraq to double its crude oil exports. **Page 2**

World spending on arms rose 10 per cent between 1981 and 1982, despite falling national incomes and cuts in other public sectors. **Page 3**

London protest

Police made 125 arrests as 600 protestors gathered in the City of London to protest about the part played by financial institutions in aiding wars and the arms race.

Marines can stay

The Senate approved a compromise plan to let U.S. marines stay in Lebanon for up to 18 months more.

Beirut airport open

Beirut's international airport opened after a month's closure, following agreement by the Lebanese security committee. **Page 5**

Official expelled

Britain expelled a Soviet official, the ninth in two years. Vasiliy Ionov, of the Soviet trade delegation, was found engaging in "activity incompatible with his position" – the usual phrase for spying.

Greeks stand firm

Greece toughened its stance on disputes with Turkey which are blocking the setting up of new Nato command headquarters in northern Greece. **Page 2**

Marc Rich pleas

Three defendants in the Marc Rich commodity trading case pleaded not guilty in New York to racketeering, fraud and tax evasion. But key men Rich and Pincus Green did not appear. **Page 6**

Ali Agca accused

An Italian magistrate accused the Pope's would-be killer, Ali Mehmet Agca, of lying about the involvement of Bulgaria. **Page 2**

South African death

Neil Alcock, a controversial white South African campaigner against the forced resettlement of blacks, was killed in an ambush.

13,000 go free

President Jaafar Nimeiri freed all 13,000 of Sudan's prisoners, jailed under the old secular laws, as part of a campaign to restore Islamic justice.

Kenya murder charge

Kenyan Economic Planning Minister Zachary Onyonka was charged with murder after a weekend shooting incident during the general election campaign.

China-U.S. visits

Exchange visits by U.S. and Chinese military personnel will start next year, U.S. Defence Secretary Caspar Weinberger said.

Briefly . . .

Chad President Habré arrived in Paris for a Franco-African summit.

Aeroflot resumes flights to the Netherlands tomorrow, after a two-week ban.

BUSINESS

Thatcher warns on unitary taxation

● **UNITARY** tax system for multinationals operating in the U.S. could cause serious damage to American relations with the UK and other countries, British Premier Margaret Thatcher told members of the U.S. Senate Foreign Relations Committee. Pressure for retaliation was already growing against the system, under which some U.S. state tax corporations on the basis of worldwide profits.

● **UK CRUDE** oil prices continued down on the spot market. Brent Blend, the North Sea reference, was reported to be selling for $30-$30.15 a barrel, against an official price of $30. **Page 8**

● **DOLLAR** eased in quiet trading in London to DM 2.6405 (DM 2.644), SwFr 2.1305 (SwFr 2.131), FFr 8.01 (FFr 8.0175) and Y236.75 (Y236.8). Its Bank of England index was 127.4 (127.2). **Page 39**

● **STERLING** moved 15 points higher in London to $1.5005. It was unchanged at DM 3.965 and FFr 12.015 but improved to SwFr 3.2 (SwFr 3.1975) and Y355.5 (Y355.0). Its trade-weighted index rose 0.1 to 84.3. **Page 39**

● **GOLD** fell $3.75 in London to $409.625. In Frankfurt it lost $3.75 at $409.75 and in Zurich $3 at $410.5. **Page 38**

● **LONDON:** FT Industrial Ordinary index improved 2.8 to 699.7. Gilts were easier on profit-taking. FT Share Information Service, **Pages 33-35**

● **WALL STREET:** Dow Jones index closed down 1.83 at 1,240.14. **Page 29. Full share listings, Pages 30-32**

● **TOKYO:** Nikkei Dow index slipped 12.71 to 9,432.61. Stock Exchange index lost 2.02 at 692.35. **Page 29. Leading prices, other exchanges, Page 32**

● **CHINA** set up a separate central bank, as part of a big banking system reorganisation. **Page 5**

● **EEC** loans to boost productive investment more than doubled to $1.48bn last year, helping to create 26,000 jobs and safeguard 32,000, said an EEC report. **Page 2**

● **WEST GERMANY'S** mechanical engineering industry rejected claims that it is losing competitiveness on world markets. **Page 2**

● **SWISS** National Bank said it granted a $40m medium-term credit to Yugoslavia last month. **Page 40**

● **PORTUGAL** expects the IMF to approve its austerity programme next week, paving the way for disbursement of loans totalling $380m. **Page 6**

● **STOCKHOLM** Bourse announced tighter controls over a group of companies traded unofficially, and wants to extend the rules governing reporting requirements and takeovers for listed companies. **Page 19**

● **WEST GERMAN** Cartel Office levied a record DM 54m ($20.4m) in fines on 77 construction companies and their managers for price fixing. **Page 19**

● **UK GOVERNMENT** instructed British Technology Group to sell its portfolio of investments in about 60 companies and concentrate in future on supporting technological innovation. Decision spells end of interventionist role of former National Enterprise Board.

● **VOLKSWAGEN** of America is to spend $200m–$250m to prepare its Westmoreland, Pennsylvania, plant for making the new Golf, launched this month in Europe. **Page 19**

● **CARLTON & UNITED** Breweries of Australia made a net profit of A$63.02m ($56.14m) in the year to June 30, against A$57.45m. **Page 20**

IMF assured of $6bn funds needed to resume lending

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN WASHINGTON

The leading central bankers of Europe and Japan have given a private assurance to Mr Jacques de Larosière, managing director of the International Monetary Fund (IMF) that they will go ahead with a $6bn loan that the Fund needs for 1984.

That became clear yesterday as the Fund's annual conference in Washington moved to its closing phase.

As a result of the assurance, the IMF's board of executive directors will come under strong pressure at its meeting on Monday to lift the recent embargo on new lending to debtor countries under the so-called "enlarged access facility."

Private discussions have been continuing with Nigeria about a $2bn programme of assistance. Portugal's request for $400m of assistance is expected to be approved next week. That is in spite of Mr de Larosière's statement 10 days ago that no new commitments would be agreed until he could be more certain of the scale of financial support from industrial countries.

In a series of tough meetings with the central bank governors and finance ministers during the last week, he has given a blunt warning that the Fund might be powerless to prevent debt difficulties from multiplying unless he can be assured of a steady flow of funds over the next few years.

He has told them that the proposed $6bn loan for 1984, held up because of uncertainty about the U.S. Congress's attitude to supporting the Fund, will need to be followed by a further loan of perhaps $6bn to support commitments the Fund expects to make in 1985–86. The $6bn loan for 1984 is split equally between Saudi Arabia and a group of industrial countries, excluding the U.S.

Mr de Larosière has told the central banks they must provide this money for 1984 whether the U.S. Congress agrees to authorise the 48 per cent increase in quota subscriptions that was promised earlier this year.

That is because assistance programmes agreed by the Fund under its enlarged access facility already amount to $4bn more than the loans available to the Fund. By the end of the year, a further $2bn will be com-

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Charades in IMF theatre, Page 6; wider role for World Bank, Page 17

Zia faces fresh crisis after clashes in Sind

BY MOHAMMED AFTAB IN ISLAMABAD AND ALAIN CASS IN LONDON

PRESIDENT Zia ul-Haq of Pakistan faces a serious new crisis after yesterday's clashes in which at least 30 anti-government demonstrators and one soldier were shot dead in the worst single incident since the unrest began on August 14.

Troop reinforcements were flown in from Hyderabad to cordon off four villages in central Sind province where protestors set up roadblocks, burned buses and attacked trains.

Early today, as opposition activists claimed that the death toll had risen to 37, the area around Saqrand, some 170 miles from Karachi, was described as "very tense."

The demonstrations were called as part of a general strike in protest at local elections which Pakistan's banned political parties say are worthless. The polling had been spread over two days in the hope of being able to contain any violence. The next polling day in the troubled province of Sind is on September 2.

This sudden escalation of the opposition to military rule in Pakistan cannot have come at a worse time for President Zia who today receives Mr Caspar Weinberger, the U.S. Defence Secretary, for a three-day visit.

President Zia would have been anxious to demonstrate to Mr Weinberger that he had the situation under control. The U.S., under President Ronald Reagan, has become a major supplier of economic and military aid to Pakistan on the assumption that President Zia's military rule, although not popular, at least provided stability in the region.

President Zia is expected to press Mr Weinberger to ensure supply of all weapons, as previously agreed, in order to help it cope with the increased military tension in the region.

The U.S. Administration agreed to provide Pakistan with a $3.2bn aid package – including $1.55bn in the form of military sales credits and the same amount as economic assistance – in the wake of the Soviet military intervention in Afghanistan. The package will be disbursed over six years, from 1982.

The U.S. military sales in 1983 fell short of the agreed target by $15m. Pakistan will ask Mr Weinberger to ensure such shortfalls do not take place in 1984.

The situation is doubly serious because yesterday's violence in the Sind confirms that the opposition to martial law in Pakistan is moving from a non-violent phase to one of armed confrontation. Local observers also said calls for a return to democracy are being increasingly linked to secessionist demands in the province.

Yesterday's violence erupted after about 50 protestors blocked the main highway from Sind to the nearby province of Punjab.

EEC may double digital disc tariff

BY CHARLES SMITH IN TOKYO

THE EEC could decide to double its import tariff on digital audio discs at a meeting of the Council of Ministers on October 17.

European officials in Tokyo indicate that the doubling of the tariff on a high technology product about to be shipped into Europe before Christmas would be intended as a reminder of EEC dissatisfaction about its trade relations with Japan. The tariff, now 9.5 per cent, would be doubled to 19 per cent under the proposal.

The Council could also decide to go ahead with plans to call for hearings under article 23, paragraph 2 of the General Agreement on Tariffs and Trade, on its claim that the Japanese market is not fully open to imports.

The possibility of such an EEC action emerges following a recent round of inconclusive bilateral EEC-Japan talks in Tokyo. Community officials in Brussels were yesterday hearing a detailed report on the Japanese talks. The degree of frustration engendered by the report will be a factor in whether the EEC decides to impose a higher tariff or move ahead with a Gatt action.

Another factor affecting the EEC's course of action is the contents of an economic reflation and import promotion package now under preparation by Japan. The package may not be finalised – for domestic political reasons – in time for consideration at the October meeting.

The EEC notified Gatt in February that it was considering doubling the tariff on digital audio discs and offered to discuss tariff compensation with "interested parties." Japan, currently the only major digital audio disc manufacturer, has not taken up the compensation issue but has proposed talks on industrial co-operation between the Japanese and European electronics industries.

The Japanese have urged that the two industries get together to discuss an exchange of components or technology. European manufacturers have shown little interest.

Japan orders Boeing 767s worth $560m

By Jurek Martin in Tokyo

JAPAN yesterday delighted the U.S. and disappointed Europe with confirmation that its national flag carrier, Japan Air Lines (JAL), was placing a $560m order for the Boeing 767 aircraft in preference to the European Airbus.

Although JAL's choice of Boeing was expected, its timing is obviously felicitously related to the arrival in Tokyo of President Ronald Reagan early in November for talks in which the bilateral trade imbalance is likely to loom large.

European diplomatic and industry officials in Tokyo declined substantive comment last night, though it was freely speculated that the JAL order would be high on the agenda when the EEC Council of Ministers convenes on October 16–17 to discuss trade relations with Japan.

JAL needs to place a substantial order to replace its fleet of 19 ageing DC-8 airliners on its short and medium-haul routes. The choice came down to five aircraft: two versions of the 767 (the Dash

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UK recovery 'better than figures show'

BY ROBIN PAULEY IN LONDON

THE BRITISH recovery from recession has been far stronger throughout the past two years than suggested by any official statistics and forecasts, according to the Bank of England.

The Bank's latest quarterly bulletin, which previously has been noticeably cautious about the prospects for sustained economic improvement, is now taking a firmly optimistic line and has thus moved much closer to the Treasury view that the recovery is both strong, sustainable and full of steam.

Mr Nigel Lawson, Chancellor of the Exchequer told the International Monetary Fund annual meeting in Washington this week that critics of the UK recovery were wrong on all counts.

The Bank is not going that far, however. It will be December before the Bank runs its next twice-yearly computer analysis of the economy, which will decide whether it maintains its present optimistic line.

For now the Bank says that against a background of a subdued world recovery growth in Britain in the two years since the low point of the recession has not only been much faster than previously thought but was more rapid in the second year of recovery

Although the future prospects are also bright, the Bank sounds several cautionary notes. It is warning strongly, for example, that the recovery has been too narrowly based on a consumer spending boom and will have to be broadened if it is to carry through. Britain's consistently dismal exports performance against a background of rising imports is noted as one cause of possible concern. So is the extent to which the consumption-led recovery is financed by credit.

The Bank takes a relaxed view about the upturn in inflation, saying that even if rising commodity prices and an upturn in pay settlements were to raise costs these would be partly compensated by the greatly improved productivity levels in British manufacturing industry.

Coping with world recession, Page 18; intervention shows a profit, Page 18

Hongkong Land loss hits $13m at half

BY ROBERT COTTRELL IN HONG KONG

HONGKONG LAND, one of the world's largest property companies, yesterday announced a loss of HK$107.1m (U.S.$13m) for the first half of this year against a profit of HK$543m a year earlier, and said it would pass its interim dividend for the first time since it was established in 1889.

The group, which is still suffering from its exposure to uncompleted projects in the collapsed Hong Kong property market, also disclosed that Mr David Newbigging would retire today as chairman of Hongkong Land and its associate company, Jardine Matheson. He had been expected to keep these posts until next June.

Land's interim result follows a loss of HK$514m reported for 1982, when the group provided HK$1.9bn against the possible termination of big joint-venture projects.

In yesterday's interim statement, the company said it had provided a further HK$429.6m against possible losses on property transactions in Hong Kong, Australia and Singapore.

The company has also charged HK$181.2m against profits to cover interest payments previously capitalised against property developments that have now been deferred.

Land's interim result does not, however, include an extraordinary gain of HK$400m which the group realised from the sale of its stake in the Hongkong Telephone Company to Cable and Wireless in March. *That sum will be on the books at* the year end.

Hongkong Land also announced that it had agreed a facility to raise HK$250m in commercial paper later this year through Jardine Fleming, the merchant bank.

The half-year performance of Jardin Matheson was affected by Land's poor result. Jardine's yesterday announced a fall in its interim profits from HK$298m in the first half of 1982 to HK$101m for this year.

Lex, Page 18; Background, Page 20; stock markets, Page 29

Kohl lets 'flowers bloom' to order

By Jonathan Carr in Bonn

THERE IS something of Chairman Mao about West Germany's Chancellor Helmut Kohl; not the Mao of the "great leap forward" but the Mao who was happy to "let a thousand flowers bloom, a thousand fields of thought contend."

A year ago tomorrow, Herr Kohl came to power through a parliamentary confidence vote promising if not a "great leap" at least a new course, especially in economic and social matters. The word used was *Wende*, literally "turn." It implied that his Christian Democrat-led Government was going to show the way back to solid old national virtues like hard work, enterprise and self-reliance. Only thus could the state deficit be cut, economic growth boosted and more jobs created after more than a decade of Social Democrat-led "misrule." It was a vision which helped the CDU and its liberal Free Democrat (FDP) partners to a clear general election victory in March.

West German unemployment is likely to rise to 2.75m by the end of 1984 from the current 2.2m and to almost 3.5m by 1990, according to an unpublished report by Ifo, the economic institute, Reuter reports.

Today there is precious little sign of a *Wende* either domestically or, fortunately for West Germany's partners and allies, in foreign affairs.

Herr Kohl presides with apparently unshakeable optimism over a coalition of continuity. Former Chancellor Helmut Schmidt's alliance of the Centre-Left has given way to one of the Centre-Right, with the accent firmly on the Centre.

Many businessmen and industrialists are unhappy about this. So, of course, are a lot of right-wingers on the fringe of the CDU and its Bavarian sister party, the Christian Social Union (CSU), whom Herr Kohl skillfully holds in check with the aid of the FDP under his old friend, Herr Hans Dietrich Genscher.

Entrepreneurs wanted still tougher action from Bonn to cut the tax and social security burden on companies, thus boosting profits and (perhaps) investment. They also claimed to support a drive to reduce state subsidies, though many find elegant arguments in practice to exempt themselves from any cuts. Business gloomily reflects that if a

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CONTENTS

W. German engineering output maintained

By Jonathan Carr in Dusseldorf

WEST GERMANY'S mechanical engineering industry yesterday launched an assault on claims that it is becoming less competitive on world markets, above all against the Japanese.

The industry's association, the VDMA, produced figures showing West Germany's engineers were doing relatively well internationally, and that application of micro-electronics to their products was progressing rapidly.

Herr Tyll Necker, outgoing president of the VDMA, said that engineering production in West Germany in the first half of 1983 had held up better than in all other major industrial countries.

Likewise, West Germany's exports of machinery last year had risen by 1 per cent in real terms. The exports of all other major competitive countries had dropped.

Japanese exports had fallen by 0.3 per cent, those of the U.S. by no less than 14.2 per cent.

West German engineers thus captured 20 per cent of the world market last year. The U.S. leader had 26 per cent.

Dr Otto Schiele, who was yesterday elected new VDMA president, stressed that only in one main sector—electronically-controlled machine tool making—did Japanese engineers have an advantage over the Germans.

But he added that lost ground was now being wan back in that sector, thanks not least to major research and development expenditure by German companies over the past few years.

Dr Schiele noted that in 1978 only 16 per cent of German engineering concerns made products with micro-electronic components. Last year about 50 per cent did so.

Despite its confidence, the German engineering industry sees few signs of a strong upturn either at home or abroad.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

UK in EEC propaganda offensive

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government yesterday launched a new propaganda offensive over EEC budget reform because of concern that its arguments are being misreported and misrepresented by other member governments.

But as Sir Michael Butler, Britain's Permanent Representative to the Community, outlined the British case to a Press conference, the European Parliament's budget committee struck another blow against the payment of EEC budget rebates to the UK.

It urged the Assembly to block payment of a £135.6m supplement to the £474m rebate on the UK's 1982 payments to Brussels.

The Parliament looks certain in 10 days' time to endorse the committee's view that the money, together with a smaller rebate to West Germany, should not be paid until after the Athens summit in December.

The move is an attempt to wield what little pressure the Parliament can muster in favour of a summit agreement on future financing

Sir Michael Butler was at pains to emphasise yesterday the UK's equal desire to see such an agreement at the summit and he called for the start of detailed negotiations when the Council of Ministers meets for a special three-day session in Athens on October 10.

But his remarks betrayed the growing irritation in the Foreign Office at the success with which other member states have managed to suggest Britain is obsessed with budgetary balance and caring little about the future development of the EEC.

Sir Michael said Britain's published priorities for EEC policy development showed that the UK did not adopt a purely budgetary approach.

Member states were now generally agreed on the need for a fairer distribution of the burden of financing the Community budget, he said. They were also in favour of a guideline which would keep the growth in farm spending below the annual growth in the EEC's budget income.

The budget committee's decisions will strengthen British opposition to a Danish solution to the budget problem. However, they will be welcomed in other EEC capitals because they are a firm indication that the Parliament will pass at the end of October a supplementary budget which will provide the 1.76bn Ecu needed to fund farm spending until the end of the year.

Bonn struggles to keep foreign beers at bay

BY JAMES BUCHAN IN BONN

THE BONN Government is defying a challenge from the European Commission that it suspend a 16th century law and open the country to foreign beer.

Herr Heiner Geissler, the Christian Democrat Minister for Beer, said this week that Bonn "would not hesitate to go to the European Court of Justice" to defend a Bavarian law on the purity of beer which dates back to 1516.

According to the original law which was adopted by the Federal Republic in 1952, beer drunk in the world's largest per capita market may contain only water, hops, malt and yeast.

The "purity decree," as the 1516 law is known, was designed to keep potatoes, plums, ox-blood, calves' feet and other ancient nastinesses out of the cask. It now prevents the import of any beer with preservatives. Last year, less than 1 per cent of the 148 litres of beer drunk by each German came from abroad.

For years, the European Commission has claimed that Germany is in breach of Article 30 of the Treaty of Rome with this "non-tariff barrier" and issued an ultimatum to Bonn on August 26.

However, Herr Geissler, whose formal title is Minister of Youth, Family and Health, rejected the commission's charge and refused to tamper with the law. In this he was supported by 2.5m beer-drinking signatures on a petition and the DM 14bn (£3.5bn) brewing industry. The case is now expected to go to the European Court.

EEC doubles loans for business investment

BY JOHN WYLES IN BRUSSELS

EUROPEAN Community loans to boost productive investment more than doubled to £993m last year helping to create 26,000 permanent jobs and to safeguard 32,000, according to the European Commission's report* on borrowing and lending activities.

Loans to the productive sector amounted to 32 per cent of the Community's total lending of 5.274bn European currency units (£3.164bn) compared with only 19 per cent in 1982. The overall lending total was some 28 per cent higher than in 1981, reflecting the increasing recourse by member states to Community institutions as a source of funds.

Several member states greatly increased their share of Community loans: the UK took 14.4 per cent of all loans compared with 7.9 per cent the year before while France's share rose from 11.7 to 15 per cent and Greece's from 3.9 to 8.9 per cent.

The bulk of the loans were channelled through the European Investment Bank (EIB) which accounted for ECU 3.453bn. But the European Coal and Steel Community laid out ECU 668.8m, Euratom ECU 361.8m and the New Community Instrument (NCI, specialising in energy infrastructure and small businesses) ECU 791m.

The Commission's report says that lending was especially focused last year on small and medium sized businesses. EIB loans to this sector rose from ECU 318.4m in 1981 to ECU 592.9m last year. These were augmented by NCI loans worth ECU 261.3m.

*Report on the Borrowing and Lending Activities of the Community in 1982. Com(83) 527 final.

Belgian budget likely to favour investors

BY PAUL CHEESERIGHT IN BRUSSELS

NEW MEASURES to increase capital investment and tax changes on personal investments are expected to be announced by the Belgian Government today.

The decisions are being made within the context of the 1984 budget, which is the subject of fierce political controversy fanned by the massive public sector strikes of last week and the week before.

The Christian Democrat-Liberal coalition at its final budget meeting this morning is expected to take two decisions seen in the business community as vital to confidence but in many trade union circles as bitter evidence of the Government's tendency to favour the better-off.

It is likely to lift the withholding tax on personal investments from 20 per cent to 25 per cent. This tax is deducted at source, giving the investor a net amount. But the Government will abandon the present system of seeking a supplement to this tax at the end of the financial year when an individual's income is assessed in its entirety.

The measure could produce revenues of BFrs 15bn a year, it is officially calculated. Hitherto, high-income people declaring all their earnings have often had to pay more on their investment income. With the new measure, their tax liability on investment income would be held at 25 per cent.

Secondly, the Government will probably declare a fiscal amnesty—that is, it will not inquire into the source of funds freshly invested in industry.

This is seen as a means of drawing back into the economy funds which Belgians have sought to keep away from the scrutiny of the tax authorities.

But, to temper Christian Democrat misgivings about a step favoured by the Liberals, the Government is expected to demand that a portion of these newly released funds are placed in a government bond bearing no or little interest for a specific period.

Thatcher concern on U.S. deficits

By Reginald Dale, U.S. Editor, in Washington

MRS Margaret Thatcher, the British Prime Minister, yesterday expressed strong concern over continuing U.S. budget deficits, and consequent high interest rates, as a potential threat to U.S. and world economic recovery.

Mrs Thatcher's official visit to Washington yesterday concentrated primarily on East-West relations, arms control and international problems such as the Middle East and Central America, on all of which she sees "eye to eye" with President Ronald Reagan, according to both British and U.S. officials.

But in a day of talks with leading members of the U.S. Administration economic issues continued to provide irritants against an overall background of fulsome mutual admiration between the Reagan White House and Mrs Thatcher's Downing Street.

In discussions with Mr Paul Volcker, chairman of the U.S. Federal Reserve, and Mr Donald Regan, the Treasury Secretary, Mrs Thatcher reiterated her criticisms of U.S. budget deficits – now running at nearly $200bn a year

Mrs Thatcher's view remained that deficits should best be reduced by spending cuts, and falling that by tax increases, her officials said. Mr Reagan, who she met for two hours yesterday, has ruled out tax increases and is having great difficulty reducing expenditure.

U.S. officials said that Mr Reagan's view was that with economic recovery under way, tax receipts would increase and the deficit and interest rates begin to decline.

Mrs Thatcher was said to be somewhat reassured after her meeting with Mr Regan that her complaints over the unitary taxation system of multinational companies operating in the U.S. had been "taken on board" by leading members of the Administration.

She publicly warned members of the Senate Foreign Relations Committee that serious damage could be caused to U.S. relations with Britain and other countries by the system, under which a number of individual U.S. states levy taxes on corporations on the basis of their worldwide profits.

Mitterrand orders delay in delivery of fighters to Iraq

BY DAVID HOUSEGO IN PARIS

PRESIDENT MITTERRAND of France has ordered a delay in the delivery to Iraq of the five controversial Super-Etendard fighter aircraft that Western governments and oil companies fear could further escalate the Gulf war.

Senior French officials yesterday confirmed newspaper reports that the President had decided on a postponement to explore other possibilities of relieving the pressure on Iraq.

In particular, the French have proposed that Syria re-open the oil pipeline linking Iraq with the Mediterranean which could more than double Iraq's crude oil exports, currently believed to be no more than 650,000 b/d, via the Ceyhan terminal in Turkey.

Paris hopes the re-opening of the pipeline could be linked to France dropping the delivery of the Super-Etendards and to Saudi Arabia providing new assistance to Syria.

This initiative is being pressed in the corridors of the UN where both M Mitterrand and M Claude Cheysson, the French Foreign Minister, have been present.

French officials believe the moment is opportune for such an initiative in the wake of Syrian participation in the cease-fire accord in Lebanon arranged partly through the good offices of Saudi Arabia. Syria is also an ally of Iraq.

France feels strongly, however, that some action is necessary to restore the balance in the Gulf war. Iran can still count on oil revenues from about 2½m barrels a day of oil while Iraq's exports and revenues have been reduced to a trickle.

France believes the Super Etendards would help to restore the balance and encourage negotiations between Iran and Iraq.

The increase in Iraq oil exports would also give the country, which owes France some FFr 40-60bn, a financial breathing space.

Both Western governments and oil companies have told France that it is "playing with fire" in selling such equipment which might provoke an Iranian retaliation. The Western fear is that Iran might try to close the Straits of Horumuz.

Greek-Turkish rift over control of Aegean widens

BY ADRIANA IERODIACONON IN ATHENS

THE GREEK Government yesterday hardened its position over the disputes with Turkey in the Aegean which are blocking the setting up of a long-planned new Nato command headquarters in northern Greece.

A government official in Athens said there is now no question of compromising with Turkey over the sharing of compromising with Turkey over the sharing of operational control rights in the Aegean to allow the setting up of the new command at Larissa to go ahead.

This puts paid to Nato hopes of getting the Greeks and Turks to set aside their differences in favour of alliance unity. The two Nato allies have been at odds for years over Cyprus and the sharing of territorial and operational rights in the Aegean Sea and air space.

Alliance partners had hoped that after reaching a defence co-operation agreement with the U.S. last month Greece would be ready to try and resolve the problems surrounding its participation in Nato's military activities.

However, earlier this week it pulled out of a major Nato training exercise in the Eastern Mediterranean

Turkey's consultative assembly yesterday passed a harsh Press law which bars journalists convicted of terrorist or political crimes by state security courts from holding editorial posts, AP reports.

EUROPEAN NEWS

Paris Club mission to discuss Polish debts

By Christopher Bobinski in Warsaw

A FACT-FINDING mission under the auspices of the Paris Club arrives here at the weekend for a five-day stay, marking the first step towards talks on rescheduling Poland's debts to Western Governments.

Poland owes slightly over half of its total debt $24bn (£16bn) to Western Governments and rescheduling talks were suspended as a sanction after the martial law crackdown on the independent Solidarity trade union in December 1981.

Meanwhile, a parliamentary committee here has given a first reading to a new draft foreign currency law which will legalise some hitherto black market operations.

Earlier this week Mr Manfred Gorywoda, the party secretary in charge of the economy, warned in a speech in Szczecin that "debt talks with the Governments will be tough and attempts to put both economic and political pressure on us have to be reckoned with." He said he expected talks to start in the first half of next year.

The draft foreign currency law will explicitly set out an effectively acknowledged right to possess hard currency as well as hold it in Polish bank accounts.

But in a liberalising move Poles will now be able to earn hard currency from foreigners both resident in Poland and abroad as long as payments are made through a bank account. This procedure will presumably enable the authorities to levy taxes as well as increase bank hard currency holdings.

● Mr Lech Walesa, the leader of Poland's banned Solidarity movement, has confirmed that he is willing to step aside "should the need arise." The statement, dated September 21, is a signal to the authorities that talks on the future of the independent union movement need not include Mr Walesa, nor is he insisting on a leading role in future.

Yesterday too Mr Sylwester Zawadzki, the Justice Minister, speaking in Parliament, hinted that the authorities could free the remaining 83 political prisoners if the Solidarity underground was to wind up its activities.

Why Andropov may have shut the door on a missile pact

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT, IN LONDON

AN OMINOUS milestone in the deterioration of U.S.-Soviet relations may have been passed this week with President Yuri Andropov's blistering attack on the Reagan Administration, the fiercest since he assumed power nearly a year ago.

If considered as the definitive Soviet response to President Reagan's earlier speech to the UN on Monday, then the fall-out from the Soviet leader's message, read in full on Soviet television on Tuesday night, is serious indeed.

Mr Andropov said the U.S. was just "prattling" about flexibility in the Geneva talks on the "burning issue" of reducing nuclear arsenals in Europe. The latest Reagan concessions were, he said, more of the same "deceptive" smokescreen to cover the arrival of new U.S. cruise and Pershing missiles in Europe at the end of this year. Unilateral Soviet disarmament, he implied, was the name of the U.S. game.

If, then as Mr Reagan claimed on Monday the door to an agreement on nuclear weapons levels was still open, has the Soviet leader now slammed it shut and pocketed the key? Certainly, Mr Andropov seemed to see no deal with Mr Reagan possible. In a "slide-to-war" warning reminiscent of the 1930s, the Soviet leader expressed doubt whether, for "the sake of its imperialist countries." the U.S. "has any brakes at all preventing it from crossing the mark before which any sober-minded person must stop."

But several factors militate against too dire a view of Moscow's reaction so soon. At one level Mr Andropov was filling the blank left by the absence of his foreign minister, Mr Andrei Gromyko, at the UN this week, and probably delivering his speech for him. The Soviet president will have been well aware of the political damage done by his own silence and that of other Politburo members on the week after the September 1 shooting down of the Korean airliner, and clearly did not want the U.S. to go unanswered again.

In his statement, Mr Andropov said he was "leaving aside the details" of the latest Reagan proposals. But on reflection, there can be few Soviet leaders who will deny that the U.S. offers – to scale down Pershing missile deployment, to treat Soviet missiles in Asia separately and to encompass nuclear-based aircraft – go in the right direction, although, not, of course, from Moscow's point of view, nearly far enough.

On a more concrete level, the Kremlin leadership has clearly been stung more deeply than ever by the Reagan Administration's rhetoric, modified for a time but now stronger than ever in the wake of the Korean airliner incident. The men in Moscow had already been stung as *Soviets* by the White House's anti-communist crusade, taken up in varying degrees by leaders in the key countries of West Germany, Britain, Japan, and even France. More recently, they have felt denigrated as *Russians*. Vice-President George Bush last week toured some Eastern European countries and then contrasted their high civilisation to that of their "piano-throwing" Muscovite masters. Mr Andropov said this week that Soviet policy was not based on emotion, but even the calculating ex-intelligence chief may have partly lost his "cool."

Ever since Mr Reagan entered the White House, Soviet policymakers have pondered publicly whether this Republican might prove another pragmatic Nixon, or whether U.S.-Soviet relations must be, in two senses, put on ice until Mr Reagan departs the scene. Moscow's hopes about the first possibility coming true rose fractionally in the summer with agreements with Washington on grain purchases and on a face-saving means of concluding the Madrid security conference.

Soviet indignation at the way in which the U.S., because of Moscow's own fault, managed to wash the Soviet dirty linen over the Korean airliner incident in front of the world has changed this.

Moscow's future course on the Euro-missile issue is still an enigma. It has said it may both walk out of the Geneva talks and take counter-measures, by moving nuclear-armed submarines "closer" to the U.S. and/or putting SS-20 medium range missiles in Warsaw Pact countries

But Mr Andropov's current intransigence may be based on the joint advice of his political and military officials. The former can tell him the battle for European and even U.S. public opinion is not yet lost.

World's spending on arms up 10%

By Bridget Bloom, Defence Correspondent

WORLD SPENDING on arms rose some 10 per cent between 1981 and 1982 although most countries suffered a sharp decline in national income as well as cuts in spending in practically all public sectors, including social services.

However, such increased military expenditure did not mean that there was a "mad arms race," Dr Robert O'Neill, director of the International Institute of Strategic Studies, told a press conference in London.

Dr O'Neill, launching the latest edition of The Military Balance*, said he believed the trend was in the opposite direction. The cost of defence was increasing so rapidly that a "substantial reduction in the world's arsenals" was likely. Governments spent more on defence but were generally getting less for it, Dr O'Neill noted.

Excluding the U.S., military outlays by Nato over the past five years have maintained a roughly constant level (at constant prices) as have those for the Warsaw Pact.

When the U.S. is added, Nato's increase is 11-12 per cent. Warsaw Pact spending, with the USSR included, is put at 4-6 per cent.

Over the past five years military spending in the Middle East rose by 35 per cent. Military spending by Black Africa, however, declined by 20 per cent, reflecting the continent's serious economic difficulties.

The Military Balance details the forces of countries in the major alliances and in key areas of the world. This year it contains new tables which show that 499 warships belonging to the Warsaw Pact and 447 Nato warships are over 20 years old. This is respectively 32 per cent and 28.9 per cent of total fleets.

The IISS notes that while there has been little unexpected change in the strategic nuclear forces of the two superpowers, the numbers of Soviet medium-range SS20 nuclear missiles continues to grow.

* *The Military Balance 1983-84 £7.25 $14 IISS 23 Tavistock Street, London, WC2.*

OVERSEAS NEWS

China's new central bank 'will speed foreign business'

BY MARK BAKER IN PEKING

CHINA HAS established a separate central bank with wide-ranging powers, as part of a major reorganisation of its banking system.

The People's Bank of China will now have an exclusive role as the central bank. Its previous functions of deposit-taking, lending and cash management will be transferred to a new industrial and commercial bank.

The newly-structured People's Bank will act as the state treasury, controlling the money supply, regulating all monetary organisations and formulating monetary policy for the ruling State Council.

The People's Bank vice-president, Liu Hongru, said the bank would soon draft a new banking law for China which would detail amended regulations for the country's entire banking system.

The creation of a separate central bank, mooted for two years, confirms a further move by China towards established Western banking practice and more sophisticated fiscal and banking policies.

Western bankers in Peking welcomed the move. They believe it will make it easier for foreign businessmen to deal with China.

Liu said the changes had been made to give the Government better control over the economy, to improve the management of funds for economic construction and centralise money management.

The central bank will regulate the operations of the new industrial and Commercial Bank, the Agricultural Bank, the People's Construction Bank, the Investment Bank, and the Bank of China, which handles foreign exchange transactions.

It will have the power to impose economic and administrative sanctions on the specialised banks and other monetary organisations.

Liu said the central bank would control 40-50 per cent of national credit funds. To assist this move, budgetary deposits of Government departments and organisations would be incorporated in the bank's credit funds.

Reuter adds from Shanghai: Exchange visits by Chinese and U.S. military personnel will start next year, Mr Caspar Weinberger, U.S. Defence Secretary, said yesterday while visiting a Chinese naval unit here.

China may soon buy weapons from the U.S.,

Women's rights thought wrong in corporate Japan

BY JUREK MARTIN IN TOKYO

CORPORATE Japan is girding itself to fight proposals to give greater, though not absolute, equality in employment to women.

Early next month, the policy committee of Nikkeiren, the employers' federation, is expected to go on record formally opposing a new equal opportunity Bill, still being drawn up by the Labour Ministry.

It is also likely to maintain that before any Bill be considered by the Diet, amendments to the existing labour laws affecting female employment should be debated and, only in some instances, changes enacted.

Yesterday, Nikkeiren officials steadfastly refused all comment on the organisation's future strategy. But both Japanese press reports and Nikkeiren's own published policy documents highlight its conviction that anything which upsets the delicate and uniquely Japanese labour market should be resisted.

Historically, the Japanese Government has shown little interest in women's issues. However, its hand is now, to a degree, forced because Japan is a signatory to the 1979 United Nations Convention outlawing discrimination against women, though the Diet has yet to ratify it.

The government is now obliged to examine national laws to bring them more in line with the Convention's requirements.

Although today, more than half Japanese adult women are working in some capacity outside the home and although over one-third of them complete university, career opportunities for women remain scant, especially outside the traditional female occupations, such as nursing and teaching.

The corporate view, with still only a minority dissenting, remains very much that since Japanese women invariably marry in their mid-20s and then take time out for child-rearing, equal treatment in the workplace is simply not feasible.

In effect, Japanese companies have used women as a reserve, flexible labour pool to be drawn on or discarded as market conditions dictate.

What most exercises the companies is the fear that the Government may seek to prevent them from overtly reserving certain jobs for men or indeed levy sanctions if it is found that they have employed too few women.

The long-standing labour laws are also widely considered an unfair obstacle to female employment. Though often honoured mostly in the breach, the laws do, for example, prevent women in many occupations from working beyond a certain hour in the evening, generally 10 pm.

Even if the Government does not touch the issue of equal pay, it may try to iron out some of the vast discrepancies in employment and retirement benefits between men and women.

Tokyo's surplus halved in August

By Charles Smith in Tokyo

JAPAN'S SURPLUS on the current account of its overseas balance of payments was halved in August, the Ministry of Finance announced yesterday.

The fall reflects what seems to be the beginning of a recovery in imports, although the August figure was still running at levels below those of a year earlier.

The surplus on current account came to $1.37bn (£2m) —down from the previous month's level of $2.85bn and the lowest level since February this year.

The trade surplus was also steeply down from July. Exports in August rose 10.7 per cent from year ago levels to $11.49bn while imports fell 4.1 per cent to $9.04bn.

The resulting surplus of $2.45bn compares with the July trade surplus of $3.76bn.

The 4.1 per cent decline in imports registered last month contrasts with declines of more than 8 per cent every month so far this year, except in June

The lower current account surplus, combined with a continuing deficit on long-term capital transactions, means that Japan registered a deficit on its basic balance of payments in August for the first time since March.

The deficit totalled $557m in contrast with the July surplus of $1,056m.

Peace talks open Beirut airport

BEIRUT — The first commercial airliner touched down at Beirut International Airport yesterday, hours after a security committee reached agreement to reopen it, following a month-long closure.

The Middle East Airlines Boeing, carrying 110 passengers from Jeddah, Saudi Arabia, made its approach over the capital before landing at the airport, three miles south of the capital.

Residents rushed to their balconies as the aircraft roared overhead, in an indication that life in Beirut was returning to normal after four weeks of heavy fighting between the Lebanese Army and Syrian-backed insurgents.

Agreement to reopen the airport is seen as a first step to consolidating the three-day-old ceasefire.

State-run television said the announcement was made at the end of a meeting of the committee, made up of representatives of the Lebanese Army and Lebanon's three main militias —Shi-ite Moslem, Christian and Druze.

The committee's statement said its first meeting had led to "a stop to acts of kidnapping and facilitated the work of the Red Cross." Members said they would meet again, although they gave no details.

Official Syrian newspapers yesterday warned against any attempts to violate the Lebanon ceasefire. "There are indications of attempts to violate the ceasefire, and to push the country onto the brink of collapse," the official daily newspaper Al-Thawra said in an editorial.

● Two U.S. soldiers took a wrong turning on their way back from a trip into Beirut yesterday, and found themselves in the hands of gunmen in a Shi'ite Moslem suburb, a U.S. marine spokesman said.

The two technicians were released unharmed after about two hours. They were in a jeep, in uniform and armed with side-weapons at the time.
Reuter

Australia plans radical changes in civil service

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN Government is planning radical reforms of its civil service—including a switch away from the traditional Whitehall system of permanent and independent departmental heads towards the U.S. method of political appointment.

Legislation is expected to be introduced in the Federal Parliament next year following publication of a White Paper before Christmas.

Assuming Labor MPs approve, it will recommend giving the Cabinet full power to appoint heads of departments, and Ministers the right to choose their senior staff, and bring in experts from the private sector.

Noting that the morale of the Australian public service was "probably as low as it had ever been," Mr John Dawkins, Minister of Finance, said in Perth that reforms were needed to enable public servants "to enjoy more productive and efficient work lives."

● All Australian airline pilots are expected to take part in an indefinite national strike from Monday in protest at the Federal Government's plans to tax lump sum superannuation payments at between 15 and 30 per cent.

Indonesia's flight of fancy takes off

BY CHRIS SHERWELL, RECENTLY IN BANDUNG

INDONESIA'S quest to establish an indigenous aircraft industry is rapidly gathering pace. Within sight of the Tangkuban Parahu volcano, in a city known for its Javanese puppet theatre, production is speedy and order books are bulging for three types of helicopter and numerous frames of high-winged aircraft.

On one side of Bandung airport's single runway the buildings are slightly run down, but on the other, where the Air Force once had an 18-hole golf course, construction is pushing ahead on a vast array of hangars, workshops, offices and training facilities.

These will accommodate two more planned helicopter production lines and already house the line for the most symbolically important project of all: the first aircraft to involve Indonesian design as well as manufacture.

For this aircraft, the CN-235, a crucial test is about to come. Following a colourful roll-out ceremony attended by President Suharto earlier this month, the aircraft starts its first flight tests shortly. An airworthiness certificate is expected by next year, when the first of 130 orders and options are due to be filled.

The country's aircraft industry has been built in seven years, since President Suharto ordered the establishment of the state-owned aircraft company PT Nurtanio under Dr Bacharuddin Jusuf Habibie, Indonesia's dynamic 47-year-old Research and Technology Minister.

Dr Habibie's aims go beyond simply seeing an Indonesian aircraft fly. He wants Nurtanio to be sub-contracting for a major aircraft manufacturer like Boeing by 1987, for this *is where the company's commercial* "bread and butter" will come from. He expects the company to employ another 3,000 people by 1988 (almost 10,000 are on the staff now), and he wants sophisticated industrial technology and expertise to be transferred to Indonesia, to help its economic development.

The industry's record so far is impressive. The 34-38 seat CN-235, a twin-engined turboprop commuter aircraft, is being made in 50-50 partnership with Construcciones Aeronauticas SA (Casa) of Spain, and marks the industry's move into the second phase of its development, involving an Indonesian share in design and manufacture.

Nurtanio is producing the central wing section, the centre and rear fuselage and the tail, while Casa produces the nose front fuselage and outer wings. The aircraft uses Collin avionics from Rockwell and two General Electric CT-7 engines, all bought directly.

The CN-235 is an expanded version of Casa's NC-212 Aviocar, the aircraft which Nurtanio first assembled from 1976, under licence. At least 50 Aviocars have already been delivered, some abroad. Outstanding orders are said to number about 80.

A total of 60 NBO-105 helicopters, made under licence from Messerschmitt Bolkow-Blohm of West Germany, have already been delivered. Used for offshore oil civilian and military work, they are now being built at a rate of one a month.

Under a co-operation agreement with Aerospatiale of France, 11 Puma SA-330 helicopters have been produced, four for civilian uses and seven for military purposes. This line is now about to end, in favour of the 24-passenger Super Puma

President Suharto

AS-332, of which only one has so far been completed. The list of orders is said to be long.

Production of two other helicopters should start shortly:

● The 15-passenger Bell-412, used for offshore and onshore oil support and military purposes, and made under agreement with Bell Textron. One Indonesian company has already ordered six for offshore oil work.

● The 10-passenger BK-117, from MBB-Kawasaki, which is a more advanced version of the NBO-105.

For these helicopters and the Aviocar, made under licence and with their proven record, a substantial list of orders is not surprising. The same cannot be said for the CN-235, which has yet to fly, and the 130 orders and options illustrate market potential.

Nurtanio and Casa calculate that world demand for such light adaptable aircraft, which are cheap on fuel and maintenance and can land on rough airfields, will be about 2,400—1,800 civilian and 600 military.

Nurtanio has a captive market in Indonesia because of a degree of protectionism. Local customers are not allowed to buy aircraft abroad unless Nurtanio cannot meet their needs. In a country so large (as broad geographically as the U.S.) and so populous (fifth highest in the world), this is no small matter.

Nurtanio officials reckon they have 34 firm civilian orders for the CN-235, along with at least 22 from Spain. On top of this, the Air Force wants 32 and the Navy 18. Options on another 24 have been taken out by customers in Indonesia, the U.S., Australia, Brazil and Argentina.

The proportion of components the company makes, not counting avionics and engines, will rise to 100 per cent by next year, having started at only 10 per cent. Collaboration with Boeing, it hopes, may lead to the development of jet aircraft, including fighters.

Dr Habibie puts the cost of accumulated investment in the venture at approximately $85m, and working capital spending around $140m. Might it have been cheaper for Indonesia simply to buy the aircraft and helicopters abroad?

"Maybe," admits a senior Nurtanio official. "But what do you mean by cheaper? Look at the employment we've created. How do you value those jobs, and the skills those workers have acquired?"

To Dr Habibie, the industry has already proven that Indonesia can be transformed into a developed country. The key judgment rests with the all-powerful President Suharto. "Today," he said, when he unveiled the CN-235, "we prove to ourselves we are capable of mastering modern technology."

AMERICAN NEWS

Max Wilkinson analyses the achievements of this week's meeting

Charades in the IMF theatre

SO MUCH of the important business of the International Monetary Fund's annual conference in Washington was effectively over before it officially opened on Tuesday that President Ronald Reagan's opening address, in which he pledged his best efforts to ensure that Congress will approve increased U.S. support for the Fund, was effectively an epilogue.

Uncertainties about whether or not and indeed when the U.S. will pay the 48 per cent increase in quota subscriptions to the IMF dominated the discussions in the run-up to the annual meeting. The meeting itself has consequently seemed like a theatre of the absurd, not least because of the seriousness of the issues.

Finance ministers and central bank governors have been discussing two main topics, against a background of intense and difficult negotiations about a Brazilian rescue package. The two issues were:

- The scale of the Fund's future operations.
- Negotiations among central banks for a $6bn loan to the Fund to support it through next year.

Agreement on the shape of the $11bn Brazilian rescue package was particularly relevant to the first issue. Under the agreement there is still great uncertainty about who pays what among the central governments for their $4.5bn part of the deal. Japan and the UK are taking no part except for the rescheduling of export credits, and several central banks are worried that an uncomfortable precedent may have been set, with non-commercial finance plugging a credit gap left by the commercial sector.

This anxiety has affected the discussions about the future scale of IMF operations, which it had been hoped could be agreed over a quiet dinner for the five major countries—the U.S., West Germany, France and Japan—last Friday. But they failed to agree and a deal was no nearer by Saturday when the slightly less exclusive club for the 11 major industrial powers (confusingly still named the Group of Ten) had its meeting.

It was obvious to even the hardest line officials that the Fund would have to provide substantial and increasing assistance to debtor countries during the next few years, partly because the IMF is the only institution capable of organising orderly rescheduling of bank loans while insisting on economic reform for the debtor countries. But it has also become clear that non-commercial credit is having to take an increased share of the burden in many rescheduling operations, particularly the Brazilian package.

Mr Donald Regan, the U.S. Treasury Secretary, steadfastly refused to agree to any scheme which would allow the Fund to lend more in cash terms when the quotas rise next year. He feared that Congress would regard any increase as further evidence of the taxpayer providing a bail-out for improvident banks or slush money for spendthrift countries. And he urged the other nations to be realistic about Congressional attitudes.

Behind these political calculations was a more important argument about the Fund's scale of operations advanced by the U.S. and West Germany. They argued that the original principle that the Fund should provide only revolving credits to overcome temporary balance of payments problems was in danger of being eroded. Some loans to countries with chronic debt problems were now essentially long-term, even though each new rescue lasted for only three years, and since the Fund was never intended to provide short-term solutions to long-term-debt problems, its scale of operations should now be curbed or at least prevented from rising.

However, even countries like Britain, which had some sympathy with this view, argued strongly that this was not the time to start "phasing down" the Fund's operations. M Jacques de Larosiere, the IMF's managing director, was particularly insistent that some agreement must be reached to continue the "enlarged access" policy under which members can borrow more than their quota subscriptions to the Fund. The Fund's original policy was to lend no more than 100 per cent of quota subscriptions to any one country.

Early on Monday morning, representatives of all 146 Fund members at the interim committee meeting conceded the general principle that the limit of asistance should not rise in cash terms. But in deference to the anxieties of almost all members (including probably the U.S. in private) it was agreed that assistance could be increased by about 25 per cent for countries with "special difficulties."

In the U.S., this agreement has been represented as a victory for the tough and disciplined approach. But others say the higher limit is the one that matters, the lower figure merely being a public relations sop to Right-wing Congressmen.

In practice the Fund will be under enormous pressure to provide the maximum possible assistance to countries like Brazil, which require a major rescheduling package. However, Fund officials believe the compromise will focus sharper attention on the conditions for lending and the soundness of a financial package whenever a programme goes above the lower limit.

The second main question before ministers and central bankers was how to provide the resources needed to match the intended scale of assistance. Under present rules the quota subscription (now SDR 61bn ($64bn) and due to rise to SDR 90bn) can only be used to finance normal drawings by members of up to 100 per cent of their individual quotas.

The Fund calculates, however, that it could meet drawings of up to 200 per cent of individual quotas without needing to borrow. But under its present accounting rules, all assistance of more than 100 per cent of quota, known as "extended facility" finance, must be matched by borrowing. At present the Fund has about SDR 10bn uncommitted from its quota resources which could be used to help members, but because of the rules this SDR 10bn cannot be used for lending under the "extended facility." Lending under the "extended facility" has already reached SDR 4bn over the level backed by borrowings, and by the end of the year the Fund estimates this gap will have risen to SDR 6bn. Under present rules, the increased quota subscription cannot be used to bridge the gap.

This is why the Fund has been seeking a loan of SDR 6bn for 1984, half of it from a group of industrial countries, and a matching SDR 3bn from Saudi Arabia. This week's decision to continue lending under the "extended facility" with increased assistance in cash terms in hard cases, will inevitably mean that further borrowing from industrial countries will be required in 1985-86.

So far be countries involved in the 1984 loan are holding back agreement to pay the SDR 3bn until the attitude of the U.S. Congress to the quota increase becomes clear, but the central bank governors seem to have given a private assurance to M de Larosiere that the loan will eventually go through. The hold-up is therefore something of a charade.

It is also clear that the Fund's announcement that it has halted negotiations about further support under the "enlarged access" scheme is also a piece of theatre. Discussions with countries like Nigeria and Portugal are continuing in private as if nothing had happened. They will resurface as soon as Congress ratifies the quota increase and the central banks come through with their loan.

If Congress does not ratify, then every bet is off, the turmoil for the Fund and the world's financial system could be horrendous, and it is a cliff which Ministers have only just peeped over. In the words of President Reagan, the consequences could be "an economic nightmare that could plague generations to come."

Lisbon expects IMF approval for strategy

BY PETER MONTAGNON IN WASHINGTON

PORTUGAL EXPECTS the International Monetary Fund to approve its austerity programme next week, paving the way for disbursement later in October of loans totalling some $380m.

Portugal, whose loan programme was negotiated with the IMF before the Fund announced cuts in new lending, believes it will be unaffected by the new policy restricting loan disbursements, a senior official said.

IMF endorsement of Portugal's austerity programme, coupled with a marked improvement in the economy, should help revive the country's flagging credit rating with commercial banks. Portugal's balance of payments improved dramatically in the first half of this year and with the third quarter payments deficit expected to be held below $100m, there is a good chance that the shortfall for the full year will drop to less than $2bn, from $3.3bn in 1982.

Portugal has started "very preliminary discussions" with commercial banks for a new $300m credit to be raised before the end of the year. It is prepared to offer generous terms, officials said, adding that banks are expected to show more interest in the new loan proposal than in a similar loan arranged in the spring because of the recent decision to open up the Portuguese market for foreign banks.

Decisions on how many banks to admit still have to be made, but officials said there would be a queueing system and priority for banks that are willing to participate in Portugal's foreign borrowing operations.

Portugal was rumoured recently to be seeking a sterling credit along the lines of the £500m loan recently announced for Sweden. The officials said such a loan might be considered, but not until early next year.

Argentine ruling casts doubt on rescheduling

BUENOS AIRES — Negotiations to reschedule Argentina's $39bn foreign debt have been thrown into confusion by a court order freezing the refinancing agreement of a public sector company, banking officials said.

Last Sunday, Federal Judge Frederico Pinto Kramer ordered the Government to freeze all action on refinancing $220m of external debt of the national airline, Aerolineas Argentinas, while he investigated charges that the rescheduling agreement contravened the law.

President Reynaldo Bignone has sent a message to Judge Pinto Kramer pledging that the Government will respect his ruling, but Sr Jorge Wehbe, economy minister, on Wednesday condemned the judge's order as "extraordinary with no legal basis whatsoever."

The airline deal, signed on September 16, is a model for refinancing about $9bn of Argentine public sector debt falling due this year and Judge Pinto Kramer's ruling effectively freezes the signing of further rescheduling agreements.

Government sources said urgent consultations were taking place in the Justice Ministry to decide how the problem should be tackled.

Progress on Mexico public debt package

By Margaret Hughes

THE second portion of a package to restructure some $21bn of Mexico's public sector debt was signed yesterday in New York.

Amounting to some $8.3bn, the package covers loans extended to Banco Nacional de Comercio Exterior, Banco Nacional de Credito Rural, Banco Nacional de Obras y Servicios Publicos, Comision Federal De Electricidad and Companio Nacional de Subsistencias Populares.

The banks involved are Bank of Montreal, Bank of Tokyo, Bankers Trust, Dresdner Bank and International Mexican Bank (Intermex).

Last month, the first portion of the agreement was signed covering some $11.4bn of government debt, including that of the two public sector agencies, Nacional Financiera (NAFINSA) and Petroleos Mexicanos (PEMEX).

Yesterday's signing completes the substantial part of the restructuring of the country's public sector debt, covering payments falling due between August 23 1982 and December 31 of next year. The debt is being refinanced as an eight-year loan with a four-year grace period with a margin of 1⅞ per cent over LIBOR or 1¾ per cent over prime, at the lender's option.

Meanwhile, Mexico's private sector debtors are still locked in acrimonious dispute with their creditor banks over the terms of the rescheduling of their debt.

The main stumbling block is over which side should absorb the withholding tax levied on interest remitted overseas. Latest reports from Mexico City suggest that the issue may be resolved by a Government decision to abolish the tax. If it does so, the Government stands to lose some $350m to $400m in already budgeted revenue.

Brazil expects Eximbank loan approval

By Stewart Fleming in Washington

THE U.S. Export-Import Bank is due to decide today whether to approve $1.5bn of loan guarantees for Brazil, a critical element of the $11bn rescue package for the country which has been put together by banks and Governments at this week's meeting of the International Monetary Fund. Also on the agenda is a $500m of Exim Bank support for Mexico.

The Eximbank is widely expected to approve the financing in spite of moves yesterday aimed at delaying the decision.

The House of Representatives' Banking Committee's sub-committee on international trade voted 12-0 in favour of a delay yesterday. That vote, however, is not expected to block the Exim Bank move. The sub-committee is not very influential and the Senate itself last week voted to approve the financing.

The sub-committee's vote was seen more as a warning that there is unease in the House about what some members see as a shift in the direction of using the Exim Bank to provide finance for heavily indebted countries.

FBI to investigate indicator leaks after Washington Post scoop

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. Commerce Department yesterday decided to bring forward by an hour today's release time for its index of leading economic indicators, after calling in the Federal Bureau of Investigation to seek the source of leaks of data to market operators and the Press.

The decision to release the August leading indicators at 9 am instead of 10 am was made after Commerce Department officials were informed that a trader in Wall Street had learnt of the July figures before their official release time. This was apparently not the first time this year that figures on leading indicators and retail sales in particular seem to have been leaked to the markets, the Commerce Department said yesterday.

On Wednesday this week the Washinugton Post published a confidential table, giving a detailed breakdown of preliminary estimates of the third-quarter gross national product, which the Commerce Department's statisticians had decided not to make public. Although the overall estimate for GNP growth of 7 per cent in the third quarter was officially released last week, the detailed figures on which the estimate was based were considered too uncertain for public disclosure. The leak led directly to the Department's request for an FBI investigation.

Although there are frequent Press disclosures of confidential information in Washington, these are usually attributable to deliberate leaking by high-level officials to test public reactions to new policy initiatives or to advance the cause of a faction in an internal battle within the Administration.

Last year, for example, the Federal Reserve Board leaked hints that it had decided to suspend its narrow money supply targets a few days before Mr Paul Volcker made this announcement publicly. In the current instances, by contrast, there appear to be no such motives.

Marc Rich and partner fail to appear in court

BY PAUL TAYLOR IN NEW YORK

THREE of the defendants in the Marc Rich commodity trading case pleaded not guilty yesterday in a New York courtroom to charges of racketeering, fraud and tax evasion. But the two key men at the centre of the case, Mr Marc Rich and his partner Mr Pincus Green, failed to appear at the hearing.

The Swiss based Marc Rich and Co AG, and its U.S. subsidiary Marc Rich and Co International, pleaded not guilty to charges made last week in a 51-count grand fiury indictment. Mr Clyde Meltzer, an oil trader hired the U.S. subsidiary, now called Clarendon, also pleaded not guilty.

Mr Meltzer was freed on bail after putting up a $250,000 personal bond secured with a $25,000 certificate of deposit and surrending his travel papers.

Mr Marc Rich and Mr Pincus Green wer not represented in court. Warrants for the arrest of both men have been issued but Judge Vincent Broderick, presiding over the hearing, was told by the U.S. attorney that Mr Rich has taken Spanish citizenship and is "considered a fugitive from justice."

The allegations against the three men and the two companies are based on claims that they operated a huge illegal oil pricing scheme in 1980 and 1982 which the U.S. authorities claim led to an elaborate scheme designed to hide taxable income totalling $100m and thereby evaded $48m in federal taxes.

Nicaragua protests to Costa Rica

By Tim Coone in Managua

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The pilots will not go back to work until "a satisfactory agreement with Continental has been arrived upon."

The union said the service withdrawal was called because of Continental's Chapter 11 bankruptcy filing last Saturday, eliminating 65 per cent of its 12,000 employees.

The filing was "a blatant attempt at union busting." The pilots believe the work rule changes instituted by the airline make Continetal flights "unsafe," the union said.

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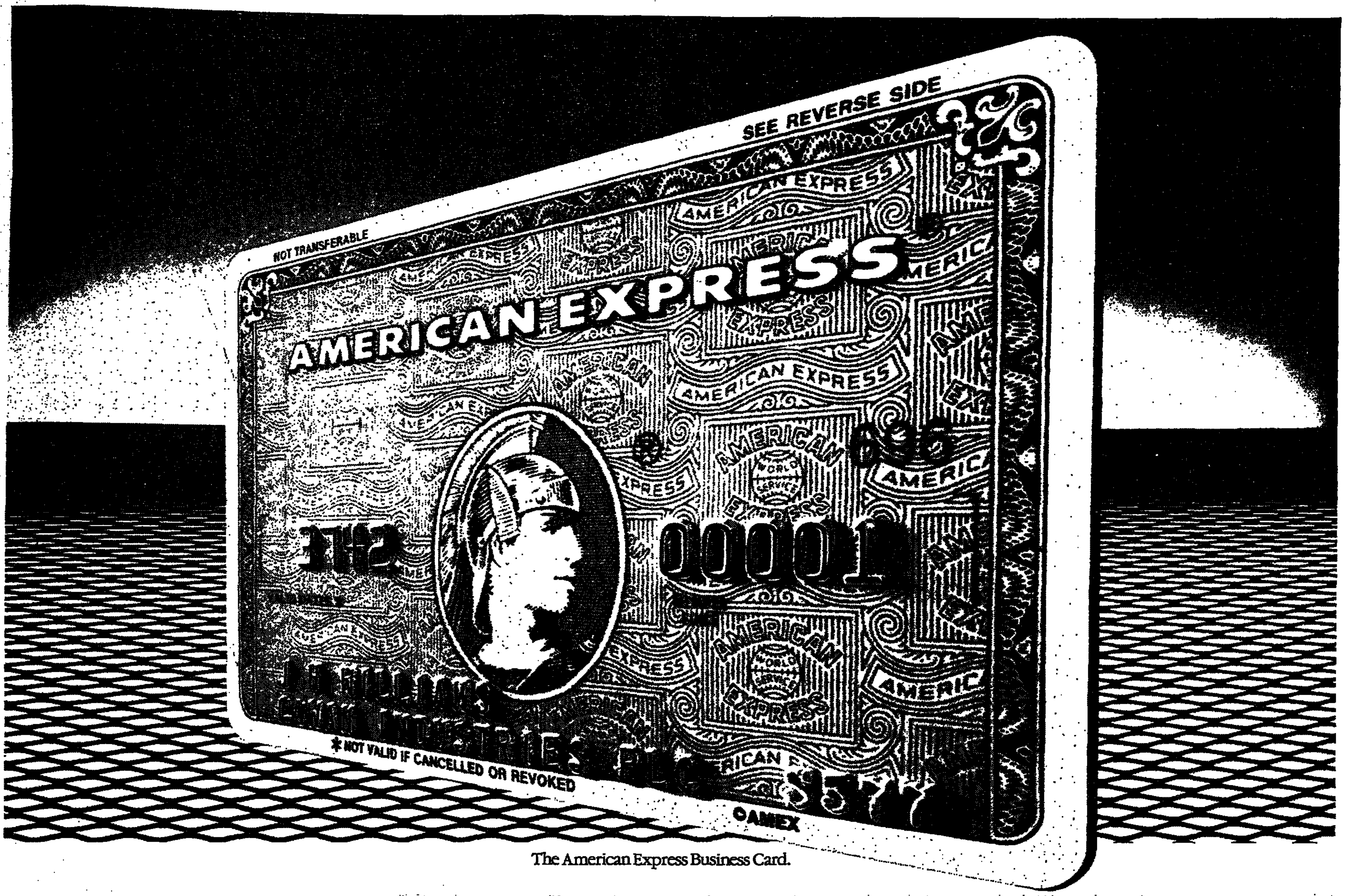
MEXICO CITY—Mexico is to raise the price of its heavy Maya crude by $1 to $25 a barrel from October 1, the state oil company Petroleos Mexicanos (Pemex) said in a communique.

Reuter



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AMERICAN NEWS

Max Wilkinson analyses the achievements of this week's meeting

Charades in the IMF theatre

SO MUCH of the important business of the International Monetary Fund's annual conference in Washington was effectively over before it officially opened on Tuesday that President Ronald Reagan's opening address, in which he pledged his best efforts to ensure that Congress will approve increased U.S. support for the Fund, was effectively an epilogue.

Uncertainties about whether or not and indeed when the U.S. will pay the 48 per cent increase in quota subscriptions to the IMF dominated the discussions in the run-up to the annual meeting. The meeting itself has consequently seemed like a theatre of the absurd, not least because of the seriousness of the issues.

Finance ministers and central bank governors have been discussing two main topics, against a background of intense and difficult negotiations about a Brazilian rescue package. The two issues were:

- The scale of the Fund's future operations.
- Negotiations among central banks for a $6bn loan to the Fund to support it through next year.

Agreement on the shape of the $11bn Brazilian rescue package was particularly relevant to the first issue. Under the agreement there is still great uncertainty about who pays what among the central governments for their $4.5bn part of the deal. Japan and the UK are taking no part except for the rescheduling of export credits, and several central banks are worried that an uncomfortable precedent may have been set, with non-commercial finance plugging a credit gap left by the commercial sector.

This anxiety has affected the discussions about the future scale of IMF operations, which it had been hoped could be agreed over a quiet dinner for the five major countries—the U.S., West Germany, France and Japan—last Friday. But they failed to agree and a deal was no nearer by Saturday when the slightly less exclusive club for the 11 major industrial powers (confusingly still named the Group of Ten) had its meeting.

It was obvious to even the hardest line officials that the Fund would have to provide substantial and increasing assistance to debtor countries during the next few years, partly because the IMF is the only institution capable of organising orderly rescheduling of bank loans while insisting on economic reform for the debtor countries. But it has also become clear that non-commercial credit is having to take an increased share of the burden in many rescheduling operations, particularly the Brazilian package.

Mr Donald Regan, the U.S. Treasury Secretary, steadfastly refused to agree to any scheme which would allow the Fund to lend more in cash terms when the quotas rise next year. He feared that Congress would regard any increase as further evidence of the taxpayer providing a bail-out for improvident banks or slush money for spendthrift countries. And he urged the other nations to be realistic about Congressional attitudes.

Behind these political calculations was a more important argument about the Fund's scale of operations advanced by the U.S. and West Germany. They argued that the original principle that the Fund should provide only revolving credits to overcome temporary balance of payments problems was in danger of being eroded. Some loans to countries with chronic debt problems were now essentially long-term, even though each new rescue lasted for only three years, and since the Fund was never intended to provide short-term solutions to long-term-debt problems, its scale of operations should now be curbed or at least prevented from rising.

However, even countries like Britain, which had some sympathy with this view, argued strongly that this was not the time to start "phasing down" the Fund's operations. M Jacques de Larosiere, the IMF's managing director, was particularly insistent that some agreement must be reached to continue the "enlarged access" policy under which members can borrow more than their quota subscriptions to the Fund. The Fund's original policy was to lend no more than 100 per cent of quota subscriptions to any one country.

Early on Monday morning, representatives of all 146 Fund members at the interim committee meeting conceded the general principle that the limit of asistance should not rise in cash terms. But in deference to the anxieties of almost all members (including probably the U.S. in private) it was agreed that assistance could be increased by about 25 per cent for countries with "special difficulties."

In the U.S., this agreement has been represented as a victory for the tough and disciplined approach. But others say the higher limit is the one that matters, the lower figure merely being a public relations sop to Right-wing Congressmen.

In practice the Fund will be under enormous pressure to provide the maximum possible assistance to countries like Brazil, which require a major rescheduling package. However, Fund officials believe the compromise will focus sharper attention on the conditions for lending and the soundness of a financial package whenever a programme goes above the lower limit.

The second main question before ministers and central bankers was how to provide the resources needed to match the intended scale of assistance. Under present rules the quota subscription (now SDR 61bn ($64bn) and due to rise to SDR 90bn) can only be used to finance normal drawings by members of up to 100 per cent of their individual quotas.

The Fund calculates, however, that it could meet drawings of up to 200 per cent of individual quotas without needing to borrow. But under its present accounting rules, all assistance of more than 100 per cent of quota, known as "extended facility" finance, must be matched by borrowing. At present the Fund has about SDR 10bn uncommitted from its quota resources which could be used to help members, but because of the rules this SDR 10bn cannot be used for lending under the "extended facility." Lending under the "extended facility" has already reached SDR 4bn over the level backed by borrowings, and by the end of the year the Fund estimates this gap will have risen to SDR 6bn. Under present rules, the increased quota subscription cannot be used to bridge the gap.

This is why the Fund has been seeking a loan of SDR 6bn for 1984, half of it from a group of industrial countries, and a matching SDR 3bn from Saudi Arabia. This week's decision to continue lending under the "extended facility" with increased assistance in cash terms in hard cases, will inevitably mean that further borrowing from industrial countries will be required in 1985-86.

So far be countries involved in the 1984 loan are holding back agreement to pay the SDR 3bn until the attitude of the U.S. Congress to the quota increase becomes clear, but the central bank governors seem to have given a private assurance to M de Larosiere that the loan will eventually go through. The hold-up is therefore something of a charade.

It is also clear that the Fund's announcement that it has halted negotiations about further support under the "enlarged access" scheme is also a piece of theatre. Discussions with countries like Nigeria and Portugal are continuing in private as if nothing had happened. They will resurface as soon as Congress ratifies the quota increase and the central banks come through with their loan.

If Congress does not ratify, then every bet is off, the turmoil for the Fund and the world's financial system could be horrendous, and it is a cliff which Ministers have only just peeped over. In the words of President Reagan, the consequences could be "an economic nightmare that could plague generations to come."

Lisbon expects IMF approval for strategy

BY PETER MONTAGNON IN WASHINGTON

PORTUGAL EXPECTS the International Monetary Fund to approve its austerity programme next week, paving the way for disbursement later in October of loans totalling some $380m.

Portugal, whose loan programme was negotiated with the IMF before the Fund announced cuts in new lending, believes it will be unaffected by the new policy restricting loan disbursements, a senior official said.

IMF endorsement of Portugal's austerity programme, coupled with a marked improvement in the economy, should help revive the country's flagging credit rating with commercial banks. Portugal's balance of payments improved dramatically in the first half of this year and with the third quarter payments deficit expected to be held below $100m, there is a good chance that the shortfall for the full year will drop to less than $2bn, from $3.3bn in 1982.

Portugal has started "very preliminary discussions" with commercial banks for a new $300m credit to be raised before the end of the year. It is prepared to offer generous terms, officials said, adding that banks are expected to show more interest in the new loan proposal than in a similar loan arranged in the spring because of the recent decision to open up the Portuguese market for foreign banks.

Decisions on how many banks to admit still have to be made, but officials said there would be a queueing system and priority for banks that are willing to participate in Portugal's foreign borrowing operations.

Portugal was rumoured recently to be seeking a sterling credit along the lines of the £500m loan recently announced for Sweden. The officials said such a loan might be considered, but not until early next year.

Argentine ruling casts doubt on rescheduling

BUENOS AIRES — Negotiations to reschedule Argentina's $39bn foreign debt have been thrown into confusion by a court order freezing the refinancing agreement of a public sector company, banking officials said.

Last Sunday, Federal Judge Frederico Pinto Kramer ordered the Government to freeze all action on refinancing $220m of external debt of the national airline, Aerolineas Argentinas, while he investigated charges that the rescheduling agreement contravened the law.

President Reynaldo Bignone has sent a message to Judge Pinto Kramer pledging that the Government will respect his ruling, but Sr Jorge Wehbe, economy minister, on Wednesday condemned the judge's order as "extraordinary with no legal basis whatsoever."

The airline deal, signed on September 16, is a model for refinancing about $9bn of Argentine public sector debt falling due this year and Judge Pinto Kramer's ruling effectively freezes the signing of further rescheduling agreements.

Government sources said urgent consultations were taking place in the Justice Ministry to decide how the problem should be tackled.

Progress on Mexico public debt package

By Margaret Hughes

THE second portion of a package to restructure some $21bn of Mexico's public sector debt was signed yesterday in New York.

Amounting to some $8.3bn, the package covers loans extended to Banco Nacional de Comercio Exterior, Banco Nacional de Credito Rural, Banco Nacional de Obras y Servicios Publicos, Comision Federal De Electricidad and Companio Nacional de Subsistencias Populares.

The banks involved are Bank of Montreal, Bank of Tokyo, Bankers Trust, Dresdner Bank and International Mexican Bank (Intermex).

Last month, the first portion of the agreement was signed covering some $11.4bn of government debt, including that of the two public sector agencies, Nacional Financiera (NAFINSA) and Petroleos Mexicanos (PEMEX).

Yesterday's signing completes the substantial part of the restructuring of the country's public sector debt, covering payments falling due between August 23 1982 and December 31 of next year. The debt is being refinanced as an eight-year loan with a four-year grace period with a margin of 1⅞ per cent over LIBOR or 1¾ per cent over prime, at the lender's option.

Meanwhile, Mexico's private sector debtors are still locked in acrimonious dispute with their creditor banks over the terms of the rescheduling of their debt.

The main stumbling block is over which side should absorb the withholding tax levied on interest remitted overseas. Latest reports from Mexico City suggest that the issue may be resolved by a Government decision to abolish the tax. If it does so, the Government stands to lose some $350m to $400m in already budgeted revenue.

Brazil expects Eximbank loan approval

By Stewart Fleming in Washington

THE U.S. Export-Import Bank is due to decide today whether to approve $1.5bn of loan guarantees for Brazil, a critical element of the $11bn rescue package for the country which has been put together by banks and Governments at this week's meeting of the International Monetary Fund. Also on the agenda is a $500m of Exim Bank support for Mexico.

The Eximbank is widely expected to approve the financing in spite of moves yesterday aimed at delaying the decision.

The House of Representatives' Banking Committee's sub-committee on international trade voted 12-0 in favour of a delay yesterday. That vote, however, is not expected to block the Exim Bank move. The sub-committee is not very influential and the Senate itself last week voted to approve the financing.

The sub-committee's vote was seen more as a warning that there is unease in the House about what some members see as a shift in the direction of using the Exim Bank to provide finance for heavily indebted countries.

FBI to investigate indicator leaks after Washington Post scoop

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. Commerce Department yesterday decided to bring forward by an hour today's release time for its index of leading economic indicators, after calling in the Federal Bureau of Investigation to seek the source of leaks of data to market operators and the Press.

The decision to release the August leading indicators at 9 am instead of 10 am was made after Commerce Department officials were informed that a trader in Wall Street had learnt of the July figures before their official release time. This was apparently not the first time this year that figures on leading indicators and retail sales in particular seem to have been leaked to the markets, the Commerce Department said yesterday.

On Wednesday this week, the Washinugton Post published a confidential table, giving a detailed breakdown of preliminary estimates of the third-quarter gross national product, which the Commerce Department's statisticians had decided not to make public. Although the overall estimate for GNP growth of 7 per cent in the third quarter was officially released last week, the detailed figures on which the estimate was based were considered too uncertain for public disclosure. The leak led directly to the Department's request for an FBI investigation.

Although there are frequent Press disclosures of confidential information in Washington, these are usually attributable to deliberate leaking by high-level officials to test public reactions to new policy initiatives or to advance the cause of a faction in an internal battle within the Administration.

Last year, for example, the Federal Reserve Board leaked hints that it had decided to suspend its narrow money supply targets a few days before Mr Paul Volcker made this announcement publicly. In the current instances, by contrast, there appear to be no such motives.

Marc Rich and partner fail to appear in court

BY PAUL TAYLOR IN NEW YORK

THREE of the defendants in the Marc Rich commodity trading case pleaded not guilty yesterday in a New York courtroom to charges of racketeering, fraud and tax evasion. But the two key men at the centre of the case, Mr Marc Rich and his partner Mr Pincus Green, failed to appear at the hearing.

The Swiss based Marc Rich and Co AG, and its U.S. subsidiary Marc Rich and Co International, pleaded not guilty to charges made last week in a 51-count grand fiury indictment. Mr Clyde Meltzer, an oil trader hired the U.S. subsidiary, now called Clarendon, also pleaded not guilty.

Mr Meltzer was freed on bail after putting up a $250,000 personal bond secured with a $25,000 certificate of deposit and surrending his travel papers.

Mr Marc Rich and Mr Pincus Green wer not represented in court. Warrants for the arrest of both men have been issued but Judge Vincent Broderick, presiding over the hearing, was told by the U.S. attorney that Mr Rich has taken Spanish citizenship and is "considered a fugitive from justice."

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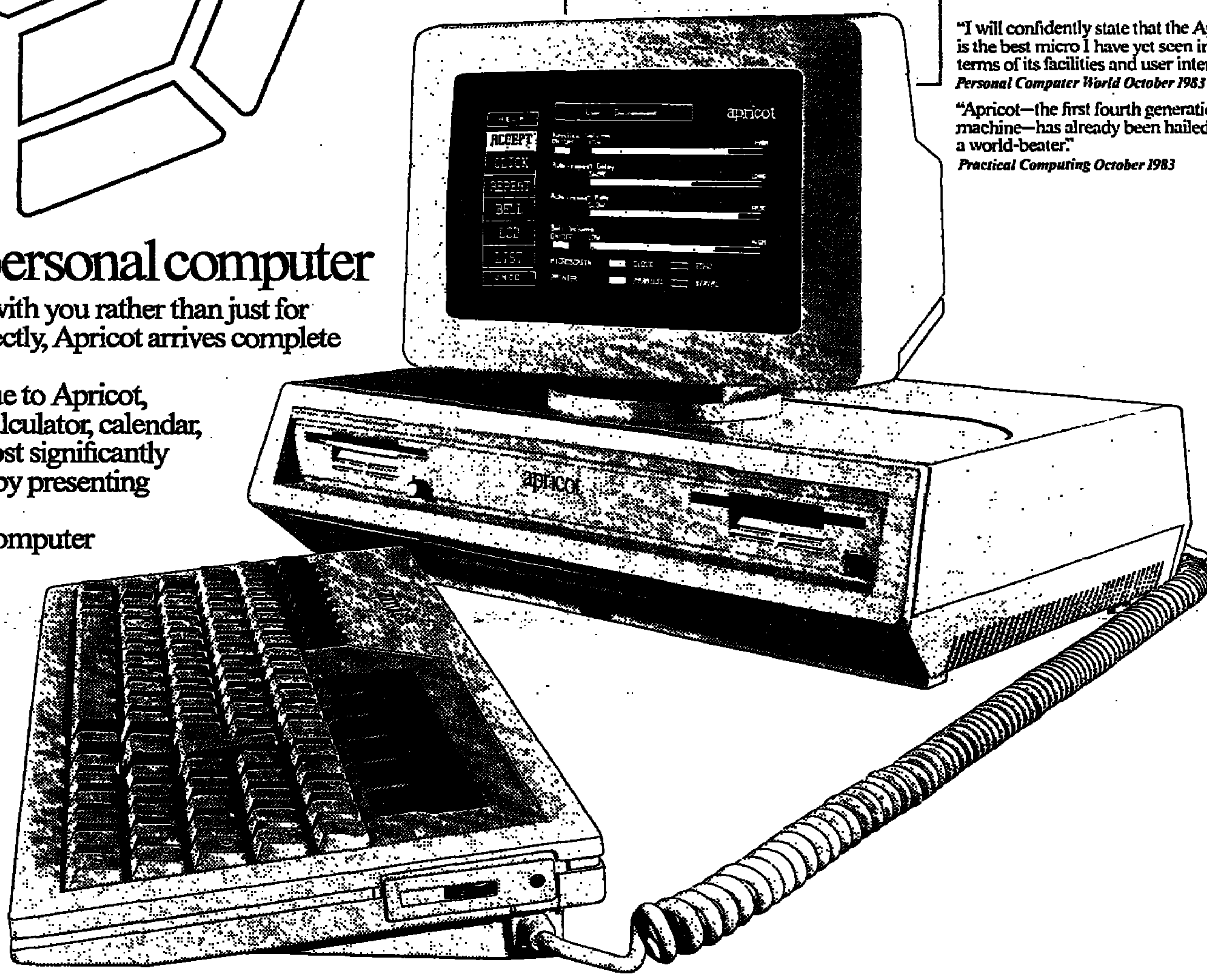

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UK NEWS

Unemployment at its highest for five months

BY ROBIN PAULEY

UNEMPLOYMENT rose by nearly 158,000 in September to 3,167,000 including summer school-leavers who are not now counted into the jobless totals until after the school holidays. This is the largest monthly rise for a year and returns unemployment to its highest level since April.

The September increase is made up of 102,500 school-leavers and 55,000 adults. Adult unemployment normally rises by about 42,000 in September, so the seasonally adjusted level of adult unemployment, the real indicator to the underlying trend, increased by 12,000.

The figures are a disappointment to the Government because the August totals saw the first fall in the seasonally adjusted totals for four years.

Mr Norman Tebbit, Employment Secretary, said last night, however: "The essential thing is that the underlying trend does seem to be continuing to abate."

In the past six months the average monthly trend figure has been a 15,000 rise and in the previous six months the average monthly increase was around 27,000.

The seasonally adjusted unemployment total of 2,953,000 now represents 12.4 per cent of the workforce. The proportion has been between 12 per cent and 12.7 per cent in each of the past 12 months, and although there are some prospects for a slight fall in the headline total of unemployed in October, there are no signs of a move out of this range in the near future.

Mr Tebbit has persistently refused to hazard a guess at when the underlying trend might turn consistently downwards.

Mr Eric Varley, opposition employment spokesman, said the jobless figures were "fresh evidence of the deception perpetrated by the Government at the general election."

Sir Terence Beckett, director general of the Confederation of British Industry, said the latest jobless figures were "a vivid warning to those at present negotiating pay rises that moderation is more necessary than ever if we are to improve our international competitiveness, not only to maintain the jobs that exist but eventually create a wider labour market."

Crude oil spot price continues to slide

By Richard Johns

SPOT market prices for UK crude oil continued their downward slide towards official selling rates yesterday as the market showed potentially dangerous signs of weakness.

Transactions in Brent Blend, the North Sea reference, were reported to have taken place at \$30-\$30.15 per barrel and those for Forties at \$29.95. Official prices for the two varieties are currently \$30 and \$29.75 respectively.

Arabian Light, the Opec (Organisation of Petroleum Exporting Countries) reference and worldwide benchmark crude, was at \$28.60-\$28.65 per barrel compared with an official rate of \$29.

The drop has come at an awkward time for British National Oil (BNOC) and the industry generally. Last week BNOC proposed that the \$30 reference price should be maintained for the fourth quarter beginning tomorrow.

BNOC is expecting answers today from its suppliers and customers. It does not expect any disagreement over its proposal to keep the reference price at the level in force since the beginning of April in line with the structure of Opec.

Austin Rover to stop production of Ambassador car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, the subsidiary of BL, the British car maker, is to impose some short-time working. The company said yesterday that about 1,000 jobs would be affected by changes at its plant at Cowley, Oxfordshire, where there would be a "temporary imbalance in the workforce" towards the end of the year.

The changes include the phasing out in November of the Ambassador saloon, the successor to the Princess. It was launched only in March last year.

When the car was introduced, Austin Rover said the Ambassador would continue until 1985. The company spent £6m on design work, £13m at Cowley to produce the Ambassador and a further £1m to launch the model.

The car has accounted for about 1 per cent of the UK market and has helped Austin Rover to keep a foothold in the upper-medium saloon market while awaiting the Maestro model. Enough Ambassadors will be produced to carry over until the LMII, the version of the Maestro with a boot, come to market next spring.

The Ambassador was never meant to be an export model and its position in Britain this year has been made particularly difficult by the discounting of competitive models, particularly the Sierra.

Vauxhall tries to avert strike

BY BRIAN GROOM, LABOUR STAFF

VAUXHALL MOTORS yesterday began a last-minute peace effort as the bulk of its 14,500 manual workers prepared to strike from tonight over the company's 7.7 per cent, 14-month pay offer.

The stoppage at the UK subsidiary of General Motors will not get fully under way until Monday, when production is due to resume after the weekend break. But this leaves Vauxhall little time to avert the strike, and union officials seemed certain it would go ahead.

Vauxhall said it was contacting unions to try to arrange an early meeting of the joint negotiating committee.

BBC and Dutch in cable TV talks

By Raymond Snoddy

THE BBC has opened talks with cable television operators in the Netherlands which could lead to both BBC channels being carried on Dutch cable networks. The talks follow the successful conclusion of a decade of negotiations with cable operators in Belgium.

The BBC and other European broadcasting organisations yesterday signed an agreement with the 40-strong Belgian cable operators association. The agreement means that as soon as the necessary technical connections have been made, BBC programmes should be available in a large part of Belgium

Belgian cable operators have 2.6m subscribers and cover 86 per cent of the country.

Yesterday's agreement involved British, French, Dutch, West German, Belgian and Luxembourg broadcasters, Sabam, the Belgian performing rights society, and Agicoa, which represents film distributors in Belgium.

The cable operators will pay 15 per cent of their revenues under the agreement.

State industrial aid to be redirected towards innovation

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE GOVERNMENT has given a clear signal of a marked shift in its industrial policy, one which is likely to translate into increasingly important consequences for UK industry.

A paper tabled at yesterday's meeting of the National Economic Development Council details a series of evolutionary changes which have been hastened by Mr Cecil Parkinson, the new Trade and Industry Secretary and by the merger of the previously separate trade and industry departments.

In his submission to the council, Mr Parkinson defended industrial aid to assist industry to adapt. He pointed out, "Our industry would be at a competitive disadvantage if UK government assistance were significantly less than that provided in other countries. We would also be at a serious disadvantage in attracting mobile inward investment which is an important source of new technology and additional employment."

The fact of industrial aid, therefore remained an established one: the direction was open to change.

The argument in the paper was that much of the assistance had gone to loss-making nationalised industries, such as BL and Rolls-Royce, to Concorde and to the private sector steel scheme. This accounted for 94 per cent of aid to sectoral development and structural adjustment, and 42 per cent of assistance to industry of all kinds in 1982-83. This aid, however, was declining, freeing resources for other priorities.

It was a matter of concern, the paper said, that many UK companies were unwilling to invest in new technology, and that many sectors of the economy, especially the small and medium-sized sector, showed a low interest in innovation.

The consequences on future policy were that the pattern of assistance should move away from the contracting industries to encourage innovation and growth.

● The Confederation of British Industry in the troubled West Midlands is considering proposals for setting up a new regional body similar to the Scottish Development Agency.

Formation of a new statutory agency to co-ordinate all economic and environmental aid at regional level is recommended in a confidential discussion paper prepared by the West Midlands office of the CBI, the employers' organisation.

The initiative reflects concern that the Government review of regional policy, on which a White Paper (policy statement), is expected in late November, may not go far enough towards tackling the particular problems of the West Midlands.

The CBI paper argues that the case is strong for devolving as much administrative power as possible to one regional agency.

Tebbit rejects TUC plea on union reform

BY OUR INDUSTRIAL EDITOR

MR NORMAN TEBBIT, the Employment Secretary, yesterday refused to countenance an urgent request from the Trades Union Congress (TUC) that he should scrap his proposed legislation on union democracy in favour of an "open agenda" of talks leading to voluntary reforms.

After the first meeting between the TUC and Mr Tebbit on industrial relations legislation for two years, the two sides made the now customary claim that their encounter had been "civilised" – but confessed that there had been only a marginal meeting of minds.

Mr Tebbit went further than the TUC side in suggesting that the meeting might have had some impact on his thinking, saying that he would think over carefully the TUC's expressed concern that the legislation would put the unions into an unacceptable legal straitjacket.

His aim, he said, was to fashion a "loose garment" which would buttress union members' rights – and there were limits to how loose such a garment could be made without causing harm to its purpose.

The legislation on union reform will be laid before the House of Commons soon after the start of the new session on October 24. Mr Tebbit said the drafting of the Bill was "darn near complete," and that, because of its self-imposed two-year ban on talks, the TUC had lost its chance to influence materially the shape of the law.

The Bill will provide for ballots to elect union executives, to sanction strikes and, every 10 years, to decide on the continued existence of a political fund.

WORLD TRADE NEWS

Soviet Union set to win EEC nickel dumping case

THE SOVIET UNION looks set to win a precedent-setting battle with the European Community over Soviet nickel exports, community officials said today. Reuter reports from Brussels.

The Community's Executive Commission has recommended that member nations refund to Moscow anti-dumping duty collected on imports of Soviet nickel, they said.

The provisional 7 per cent duty, imposed in June after European producers said they were being unfairly undercut, prompted the Soviet state organisation Raznoimport to mount an unprecedented legal challenge in the European Court of Justice.

The move implied recognition of the European Commission's legal jurisdiction over trade matters, something the Kremlin has consistently refused.

Officials declined to estimate how much money might be refunded to Moscow, but Soviet sales of nickel to the 10-nation community totalled some 20,000 tonnes last year, worth around \$95m (£63m) at current prices.

Moscow lost the first round of the battle when the court refused an interim injunction against the duties in July, but the officials said subsequent investigations had shown Moscow would probably win if the case were to get a full hearing.

The Commission found that although British, French and Greek nickel producers had protested against undercutting by the Soviet Union, they appeared reluctant because of special trading relationships to lodge any complaint against other cheap exporters to the Community.

Faced with evidence that Raznoimport was itself being undercut, the Commission had no option but to recommend that the case be dropped and that a full refund be made to Moscow, the officials said.

Moscow might decide to press home its advantage to get a definitive court ruling, which could prove a useful precedent for any future cases Moscow might bring.

● The Netherlands has agreed to co-operate with a U.S. embargo against imports of nickel from Cuba, the U.S. Treasury Department said Wednesday, AP adds from Washington.

The department said that through an exchange of notes on September 21, the governments of the U.S. and the Netherlands agreed that all but a minimal amount of the Cuban nickel imported by the Netherlands is being exported again to countries other than the U.S.

Nigeria refinery deal awarded to Snamprogetti

By Our Foreign Staff

SNAMPROGETTI, the engineering arm of the Italian EMI group, has been awarded a turnkey contract worth some \$40m for the expansion of the Warri refinery in Nigeria.

The contract covers the expansion and modification of the present refinery to increase its capacity by 25 per cent to some 125,000 barrels a day.

● Fiat TTG, the thermomechanical engineering subsidiary of Italy's largest private-sector industrial group, has received a L12bn (£5m) contract from the Egyptian national electrical company, AP-DJ reports from Rome. Fiat TTG will furnish the Egyptian utility with a 40,000 kw auxiliary generating unit

Japan in Moscow trade discussions

JAPAN AND the Soviet Union will hold trade talks in Moscow on October 13-15, though Japanese Ministry officials stressed yesterday that the talks were at a low level, AP writes from Tokyo.

Japan suspended its annual trade negotiations with the Soviet Union because of Soviet interference in Poland's free trade movement.

The Soviet Union imported \$3.9bn in goods, mainly steel and machinery, while exporting \$1.7bn, largely raw materials.

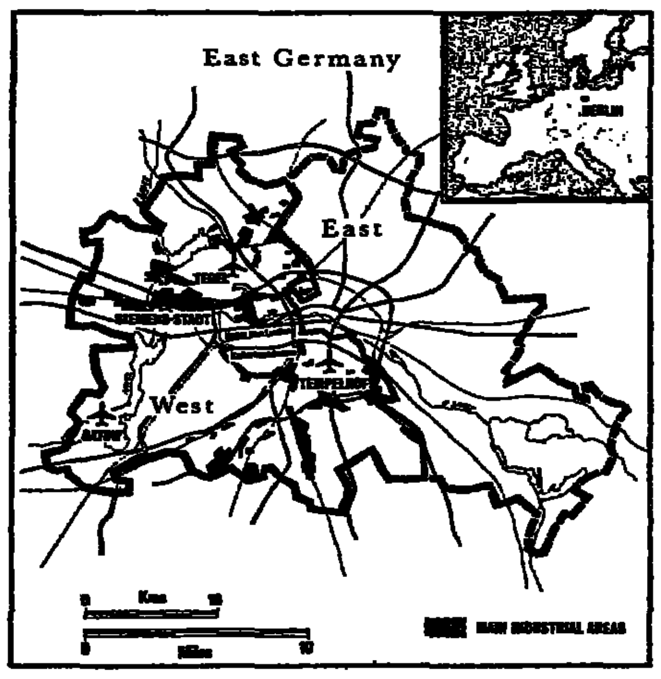
Chinese pipe order

MANNESMANN AG said its Mannesmannroehren-Werke has won an order from China to supply more than 52,000 tonnes of oil field pipe, Reuter reports from Dusseldorf. No financial details were available.

FINANCIAL TIMES SURVEY
Friday September 30, 1983

West Berlin

West Berlin no longer feels threatened by a hostile East Germany and Soviet Union but there are trouble spots within as jobs recede, squatters become militant and resident foreign workers feel alienated



CONTENTS

This survey has been written by Leslie Colitt in West Berlin.

Dangers within its own walls


West Berlin's best-known shopping street, Kurfurstendamm, with the ruined spire of the Kaiser Wilhelm Memorial Church in the background

WEST BERLIN is a city in search of a nation. It is the last remaining piece of Germany which belongs neither to surrounding East Germany nor to West Germany 190 kilometres away with which the city shares its political, economic and legal system.

The three Western Allies in West Berlin occupy a city which is the ultimate justification for their larger military commitment to West Germany. Their presence, though, also assures them an important say in the future of the two German states.

It is not surprising that most West Berliners feel closer kin to East Berliners than they do to most West Germans. The 3m inhabitants of divided Greater Berlin are in fact regarded with a measure of disdain by many West and East Germans. Both halves of Berlin—top-heavy as they are with bureaucrats and showy public buildings—are seen by their respective countrymen as a costly luxury. However, just as East Germany has poured massive resources in recent years into rebuilding its capital, East Berlin, the West German government is committed to maintaining West Berlin's viability in the middle of East Germany.

But West Berlin is no longer confronted by a hostile East Germany and Soviet Union seeking to eliminate it. Berlin has been the acid testing ground for detente in Europe since the signing of the four-power Berlin agreement in June 1972. The result until now is that the much-reviled word *Entspannung* (detente) retains a favourable ring for most Berliners. This, of course, is because detente in Berlin has worked despite growing tensions between the super powers. Moscow's newspaper, Pravda, again acknowledged this a few weeks ago when it said that on the whole "tension *has* receded" in and around West Berlin.

Agreement

Western travellers last year made 19.5m crossings on the East German autobahn and railway between West Berlin and West Germany which are covered by the four-power agreement. West Berliners made 1.7m visits last year to East Berlin and East Germany, also made possible by the accord.

West Berliners are able to telephone their relatives and friends in the East under an agreement between East and West Germany. Since 1972 the two German states have reached a series of agreements on everything from West Berlin's refuse and sewage disposal to the building of a pipeline to West Berlin across East Germany to supply the city with Soviet natural gas. West Berlin's road, rail and waterway links to the West across East Germany have been improved at great cost to the Bonn Government.

The sweetener for East Germany is the approximately DM 1bn from West Germany which it earns annually from all the agreements on West Berlin. This alone, however, does not explain why the Soviet Union has chosen to honour the Berlin agreement even as Soviet-American relations plummeted to a new low.

Moscow knows that any reversal of its goodwill policy towards West Berlin—even if it were only a brief warning stoppage of Western traffic on the East German access roads to Berlin—would quickly undo most of what the Soviet Union has achieved over the past decade in its relations with West Germany. Activating the Berlin lever would unite the West as few other Soviet actions could. Moscow is thus left holding a lever it is able to use only if it alters its entire *Westpolitik* and concludes that it is counterproductive to continue wooing West Germany.

Meanwhile the greatest danger facing West Berlin comes from within its own walls. Years of endless repetition that West Berlin was the largest industrial city in central Europe could not mask the loss of a fifth of its industrial jobs in two decades and the concurrent bloating of its public service sector. West Berlin's economy cannot merely be propped up by growing West Greman subsidies without West Berliners losing their self-respect and their determination to remain.

The city's political leaders and its business community have come to realise this and are asking painful questions about the structure of Berlin's economy. This belated recognition that something is badly amiss carries within it the seeds of possible improvement. The German trait to see things in very dark terms often leads to a redoubling of efforts to correct the situation.

That said, it is none the less a minor miracle that West Berlin functions as efficiently as it does and more smoothly than some cities which do not have its geo-political handicaps. Virtually everything the city consumes must be hauled in from the West. The process is so well-organised by tens of thousands of private suppliers that West Berliners rarely come across an item which is missing or in short supply. The enormity of supplying a city of nearly 2m inhabitants without a hinterland first becomes apparent in East Berlin when one encounters the thousands of products which are unavailable to consumers in East Germany's best supplied city.

One thing West Berlin is not well supplied with is affordable living space. Thousands of city subsidised flats scheduled for renovating stood empty for years and led to a spate of "occupations" by squatters. These reached a peak in mid-1981 when Herr Richard von Weizsäcker was elected the Christian Democrat Governing Mayor of traditionally Social Democrat West Berlin. By a combination of forcefulness and negotiations the number of occupied buildings has been reduced but the bitterness that remains could produce a new generation of young people alienated from the system.

In the elections that brought Herr von Weizsäcker to power West Berlin's version of the Greens Party, known as the Alternative List (AL), entered the city legislature. The casual behaviour of AL representatives and their Left-wing rhetoric at first shocked many staid citizens but Berliners have got used to them like so many other post-war phenomena. Herr von Weizsäcker, who began his term of office with a minority CDU government tolerated by the liberal Free Democrats, was recently joined by them in a coalition reflecting the one in Bonn.

Berlin Senate

While ultimate sovereignty in West Berlin lies in Western allied hands, the daily administration of the city is a matter for the Berlin Senate, the city's governing body. The Allies rarely interfere, although Herr von Weizsäcker's frequent meetings with the last Soviet ambassador to East Berlin, Mr Piotr Abrassimov, did raise some Allied eyebrows.

The governing mayor's talks in East Berlin this month with East Germany's leader, Herr Erich Honecker, was another first which testified to the greatly improved relationship between West Berlin and East Germany.

Apart from its declining economy the biggest problem facing West Berlin is its 250,000 resident foreign workers, of whom 120,000 are Turks. The Turkish population of the city is expanding while the number of Germans is steadily dropping. Although Berlin was traditionally a city of emigrants and absorbed large numbers of Poles in the late 19th century, the latter were technically not immigrants but instead Polish citizens of the German Reich.

West Berlin is the first German city to state that it aims to integrate its foreign population, a goal, however, in which most Turks show little interest. Second generation Turks in Berlin, though, are certain to take a different attitude and it will be necessary to revise West Germany's rigid citizenship laws to adapt to the young generation of ethnic Turks who already wish to become Germans.

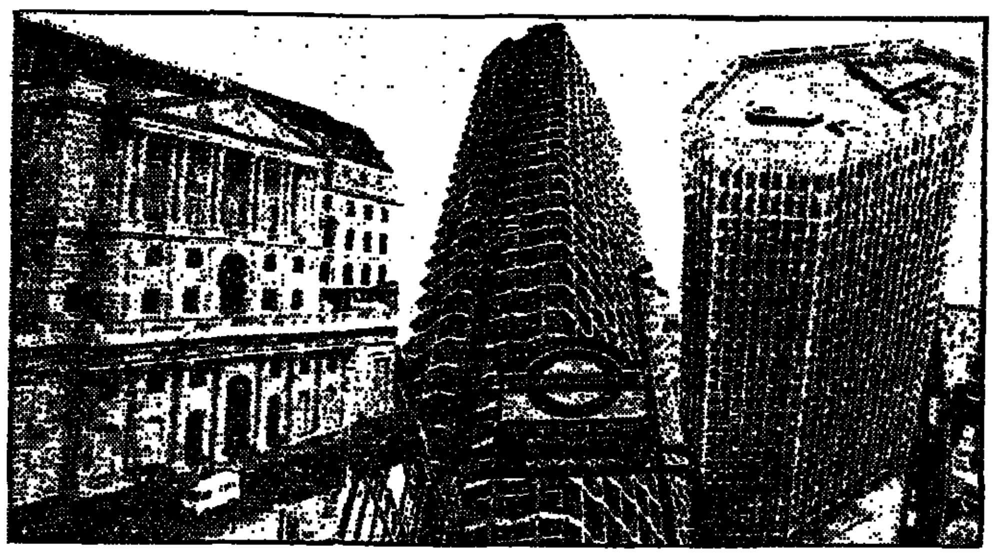
The city must provide job training for these young foreigners or they will join the ranks of the perpetually unemployed. West Berlin would then share the experience of other Western cities with a rebellious second generation of *Gastarbeiter* without jobs. The prospect of race riots erupting one day in West Berlin is a horror vision which the city must prevent at all cost.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Jonathan Charkham outlines an ambitious plan for independent directors

A new way to build better boards



City institutions and the CBI: a fresh challenge

IN February 1982, after some years of preparation, the major City Institutions, led by the Bank of England, joined the CBI and BIM to launch PRO NED — Promotion of Non-Executive Directors. That they should have been prepared to finance it reflected both their conviction that all was not well with many company boards and their preference for putting matters right without further legislation.

PRO NED has now been operating for over 18 months. About 300 companies of all sizes have consulted it and many have commissioned searches; nearly 50 directors have been appointed.

The volume of PRO NED's business suggests that it has a useful role. The question remains, however, whether "voluntarism" will ever be enough because of the way the system works. My personal view (and I do not write on behalf of PRO NED's sponsors) is that some changes are needed, at least for PLCs.

In the UK, the Companies Acts do not differentiate between different classes of directors and as a consequence all have a dual role: to make a positive contribution to the progress of the company by driving it forward on the right lines, and to monitor its performance—including their own.

Where this is so, performance is likely to be better assessed than in companies where the board is wholly executive and marking its own papers.

The UK system, when well-used, as it is by many of our best companies, enables them to have a concentration of skill and experience at the top which have proved effective.

The weakness of the UK system is that the standard of self-discipline is extremely variable and it is entirely optional whether a company chooses to have a good proportion of able independents or not. Some boards keep them out, either because they feel, often wrongly, that they do not need them or because they fear the consequences.

The title "independent" is more satisfactory than the negative-sounding "non-executive." Independence should be absolute—and that precludes "representatives" of any interest, and advisers and ex-executives.

Cases show that some companies fail and others prosper in exactly the same external economic and social environment—and with the same unions. Industrial relations are of immense importance but even they are secondary to the prior question of the competence with which a company is run. It is precious little consolation to employees to work in a company with impeccable industrial relations if it founders, as some have done. Of course, good direction and management imply proper consideration for every aspect of industrial relations. But the really crucial question of the day, both for the UK and the EEC as a whole, is the competence of boards to ensure that companies can meet the rigours of international competition.

What is to be done to supplement the natural working of market forces? What the UK does not need are complications to the structure that hinder good companies. On the other hand, it would be helpful if it were easier to do something early enough about companies that seem to be on the drift. This means doing something about the board.

The Companies Acts already lay upon the shareholders the right and duty to elect directors. If close attention is to be paid to the composition of the board, it would seem logical and sensible to take the powers the shareholders already possess, make them more easily usable and strengthen them.

Strengthening shareholders' powers requires three distinct but related innovations:

(i) the right to insist that a board has a proportion of independent directors.

(ii) a means of ensuring that suitable people of the right quality are nominated. It is this lack of quality control that flaws all systems based solely upon numbers or proportions.

(iii) a means of getting concerted action more simply to exercise these powers.

The key element is the assurance of quality; at the moment if shareholders act at all, it is much easier for them to act negatively than positively. What seems to be needed is a body that would act on their behalf, say, a committee for nominations which would be charged with the task of ensuring that the independent directors suggested were what the company needed. This committee, which would be small and should include experts, would not itself elect; it would report to the shareholders before an election as to whether those proposed had their approval.

Rather than introduce blanket legislation which would require such a committee and a given proportion of independent directors for *all* companies, there could be a trigger mechanism which would bring its operation into effect, as and when needed. A resolution by ten per cent of the shareholders at an extraordinary general meeting would seem to be appropriate.

The system would work like this:

Ten per cent of the shareholders would require the company to convene an EGM at which prescribed resolutions would be put which would

(a) authorise the shareholders to appoint a proportion of independent directors to the board, thus amending, in some cases, the Articles.

(b) appoint the Committee for Nominations for a period of years.

(c) require the Committee for Nominations to recommend a minimum number of independent directors for election at the next AGM (the EGM would need to be called sufficiently far in advance of the AGM).

(d) Require existing non-executive directors, whatever their terms of appointment, to face re-election at the next AGM so that they too could be scrutinised by the committee.

(e) Empower the independents to have an audit committee if they wanted one, to strengthen their own position and that of the auditors.

In the normal course of events, the committee would consult the board and its chairman, but it would not be bound to accept its views or the candidates suggested. And to prevent the process being dominated by the board, directors would *not* be able to vote on the resolutions or on the nominations by the committee at the EGM. They would, of course, have the rights as shareholders to vote for candidates at the AGM.

The nomination committee would remain in place for a stated period of years (say five) and subsequent nominations to it (as replacements) dealt with by election at the AGM, as would a resolution to renew or extend its life. The members of the nominating committee would be adequately remunerated as they would have a delicate and skilled job.

The "right" proportion of independents means having enough to be effective, and this proportion needs to be prescribed. In doing so, a distinction should be made between boards where a chairman is also chief executive and those where he is not. The combination of these roles in a single person causes such a concentration of power that the independent element needs to be stronger if it is to be effective. Increasing the proportion of independents would be more satisfactory than trying to prevent both offices being held by the same person.

It may seem odd for a committee for nominations to focus its attentions upon the elections of independent directors but not upon the executive directors and chief executive. The reasoning behind this is that the chief executive bears the major responsibility for proposing the promotion of the executives to the board and the board as a whole can form the necessary judgment; they have at their disposal a good factual basis on which to work. Outsiders would have no other independent sources of information on which to form a judgment.

Besides, if the board is doing its job properly, it will have ensured that there is adequate succession of planning. It is of course vital that high standards be maintained and in this the independents have an important part to play. There will be cases where the independents to not grasp the nettle. There are some already. If this is so, the shareholders can, as now, put pressure on the executives and, if necessary, ensure that the necesary remedial action is taken.

An important aspect of introducing an arrangement such as the one suggested is that the mere threat of the exercise of such powers would often be enough to make boards put their own houses in order. The Institutions (which now account for more than half the investment in PLCs) would have in their hands a means of initiating action where it was necessary. But the action would be open and public and involve all the shareholders.

Could people be found to serve on Committees for Nominations and such boards? The committees would have a real job to do and would need to be properly paid for it. They should not be difficult to staff and if they raised the quality of boards significantly, it would be money well spent. As to finding board members, the response to PRO NED suggests there is no shortage of talent though there is a considerable task in matching people to boards. How many boards would refuse to co-operate with a Committee for Nominations remains to be seen—probably rather few because of the potentially high cost to them of non-co-operation.

These are only the broad outlines of one possible scheme. There may be many others. The proposals above restore to shareholders the potential to make full and constructive use of the powers they already possess and in doing so reflect both the changing shape of the pattern of ownership and the market. If, however, the responsibility is too heavy a burden for shareholders alone to bear, there could perhaps be some kind of "electoral college" to deal with nominations to the board—far better than adding "representatives," a concept alien to the UK view of the role of directors and the unity of the board.

Whatever proposals are brought forward must face the main issue — the paramount importance of improving the balance and above all the quality of company boards where this is necessary while leaving alone those that run well. The aim is to avoid the unnecessary collapse of companies with all the waste it entails and the damage it does in human and economic terms.

Jonathan Charkham is director of PRO NED.

Changing employees' hearts and minds

Alison Hogan on how a building society went 'live'

WHEN Clive Thornton was appointed as chief general manager of Abbey National, the UK's second largest building society, four years ago, his first priority was to introduce a new generation of computer systems to meet the society's data-processing needs — and which would last to the end of the century.

Phase One is now well under way, but Thornton says, "It has been four hard years which has needed a commitment to change the hearts and minds of the staff. It has almost driven me to exhaustion."

A whole range of societies have taken major decisions on computers in the past few years: Among them Halifax chose Philips and Nationwide plumped for Burroughs. Abbey National has settled on British Olivetti for what it claims is the biggest installation in any society and one of the largest in any financial institution in Britain.

Olivetti won the contract — said to be worth about £16m —though its system was still only a prototype. This made the company all the more ready to feed in specific requirements to meet Abbey National's needs.

Olivetti has thus worked very closely with Abbey National on system specification, software and technical development, counter design and on the new passbook with a magnetic strip.

In the early stages, the computer company built a replica of a typical Abbey branch and carried out extensive ergonomic tests to design equipment which would achieve maximum efficiency and cause least trouble to the cashier.

The new system has been introduced gradually. Abbey began with 60 experimental branches; now well over half its 674 branches have gone live. Staff train on equipment in branches already converted and then have a series of dummy runs on equipment in their own offices. All transactions are sent down the line to the central branch computer where they are funnelled off to dummy files. Once staff feel at ease with all the procedures the branch goes live.

The individual branch offices are autonomous units—a new development for Abbey National. If communications should fail between the unit and the main computer, the cashier can continue to record deposits and withdrawals, and update details of the account. Once communications are resumed the information can then be sent back down the line for storage in the central computer, a Sperry Univac 1100/81 machine with two megawords of memory, which is housed at Bletchley.

New passbooks with magnetic strips have been issued to customers thus dispensing almost completely with time-consuming form-filling. Instead, a counter-top printer records transactions and updates the balance of the account. It can also fill out slips and cheques when required. Cashiers now complete most transactions without leaving their desks and average transaction time has been halved.

ABBEY NATIONAL

So far the new technology has mostly been well received. Occasionally in the early stages, a customer watched in horror as his or her precious passbook was eaten up by the printer. Others insisted on writing out details on a withdrawal form though the new system makes it quite unnecessary—so forms have been made available for those who prefer to use them.

Abbey National's systems department is already at work on phase two. The next stage is to develop sophisticated support services such as word processing and training packages.

Phase three—the system already has the potential for it —could allow people to exchange properties through the local building society office by matching buyers and sellers in a particular geographical and price area. Surveyors' valuations, mortgage particulars and other information concerning the purchase of a property could all be called up through the computer system. All this would help realise Thornton's ambition to turn the Abbey into Britain's largest financial agency.

BASE LENDING RATES

A.B.N. Bank	9½%	Heritable & Gen. Trust	9½%
Al Baraka International	9½%	■ Hill Samuel §	9½%
Allied Irish Bank	9½%	C. Hoare & Co. †	9½%
Amro Bank	9½%	Hongkong & Shanghai	9½%
Henry Ansbacher	9½%	Kingsnorth Trust Ltd.	11 %
Arbuthnot Latham	9½%	Knowsley & Co. Ltd.	10 %
Armco Trust Ltd.	9½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	9½%
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim BM	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	R. Raphael & Sons	9½%
Barclays Bank	9½%	P. S. Refson & Co.	9½%
Beneficial Trust Ltd.	10½%	Roxburghe Guarantee	10 %
Bremar Holdings Ltd.	9½%	Royal Trust Co. Canada	9½%
Brit. Bank of Mid. East	9½%	Standard Chartered ‖	9½%
■ Brown Shipley	10 %	Trade Dev. Bank	9½%
CL Bank Nederland	9½%	TCB	9½%
Canada Perm't Trust	10½%	Trustee Savings Bank	9½%
Castle Court Trust Ltd.	10 %	United Bank of Kuwait	9½%
Cayzer Ltd.	9½%	United Mizrahi Bank	9½%
Cedar Holdings	10 %	Volkskas Intnl. Ltd.	9½%
■ Charterhouse Japhet	9½%	Westpac Banking Corp.	9½%
Choulartons	10½%	Whiteaway Laidlaw	10 %
Citibank Savings ¶	10½%	Williams & Glyn's	9½%
Clydesdale Bank	9½%	Wintrust Secs. Ltd.	9½%
C. E. Coates	10 %	Yorkshire Bank	9½%
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.05%. Effective annual rate—9.43%.

Legalising their presence is proving painfully slow

Squatters gain a more sympathetic ear

THE FIRST "occupation" of an apartment building in Berlin was in March 1979, by squatters protesting against the city's policy to subsidise the conversion of decaying tenements into luxury housing.

Nearly 5,000 squatters subsequently took over 165 partly or wholly abandoned buildings. After Herr Richard von Weizsäcker became the Christian Democrat Governing Mayor of West Berlin in June 1981, the number of "occupied" buildings was reduced to the present 55.

This was a result of Herr von Weizsäcker's policy to use the police to prevent new "occupations" while evicting persons with criminal records from some of the previously occupied tenements. At the same time negotiations were begun to legalise the presence of the remaining squatters — largely students and the unemployed— by offering them rental contracts.

This process has been painfully slow and has drained most of the political impetus from the movement. By early 1985 the city government says there will not be an "occupied" building left. West Berlin's Interior Department chief, Herr Heinrich Lummer, who is also Deputy Mayor, adds that by the end of this year the problem will be a peripheral one.

The left-wing Alternative List (AL) party in the city legislature, however, notes that Herr Lummer's Endlösung (final solution) for the "occupiers" is calculated to resurrect terrorism by transforming young people into "enemies of the state." It says they are criminalised by constant police searches to which the interior department replies that most of them already have a criminal record. This in turn is based on their resistance to eviction orders.

One AL representative remarked that the "occupation" movement as such is dead "thanks to Herr Lummer." But he claimed that in its place he has created far more dangerous opponents of the democratic order.

Gaby, Martina, Ulli and Gottfried are young squatters — they call themselves Instandbesetzer (renovator-occupiers) —who live in a derelict tenement building in the West Berlin borough of Neukölln. They do not give the impression of being criminal elements, much the opposite. After a long, futile search for a home to share, they decided to occupy a building owned by a housing company which planned to convert the flats into high-priced ownership units.

Gaby, 29, with a small child, says when they occupied the flat early last year she was afraid but excited. Since then, a routine has set in which has altered the group radically compared with those exhilarating days.


A police van keeps an eye on a protest by squatters

Ulli, 19 and unemployed, says when he and 20 other young people occupied the building, they began making repairs — modernising the rudimentary bathroom and replastering and painting walls. In the months that passed, however, tension developed in their communal life over very prosaic matters.

Gottfried, a 21-year-old student from West Germany, says many of the problems that arose are the same he experienced with his sisters and mother at home: "Who has the hairdryer?" followed by a big row.

Major irritants

When the working members of the group come home, Gaby explains, they expect the dinner table to be set by the stay-at-homes and the meal cooked. This is seldom the case.

Martina, 23, a German literature student, is a representative of the Alternative List ecology and peace party in the borough council. She realises people have different ideas about cleanliness and order, but finds it hard to take when the dishes are piled high and the others walk past and say they don't feel like doing them.

She admits her complaints sound bourgeois, but unwashed breakfast dishes on the table in the evening and a dirty bathtub when she wants to bathe have become major irritants.

"I don't want to play education minister when I come home tired and have other things to do," she says.

In the rundown neighbourhood they live in a three-room flat costs a minimum of DM 300 ($121) a month without heat. Their occupation of the building Martina explains is a political action against such rents.

A squatters' wall newspaper on the building informs local residents about the occupation. Martina says they were given used furniture and household items by neighbours who they had over for coffee several times. The mainly elderly residents praised the young squatters for preventing the building from being converted into unaffordable luxury apartments. But others in the neighbourhood taunted them, she says, until they showed they were ready to fight.

Gottfried interjects to say that Martina looks ill and should give up politics. She nods in agreement. The Alternatives have meetings all week long and she is fully booked in addition to her studies.

When Gaby was in the supermarket the other day a woman asked her why she bought so much bread. When she told her the woman asked whether Gaby paid rent. On learning she didn't the woman replied "Well, that's cheap." But Gaby took the time to explain they were renovator-occupiers and had made a lot of repairs to the building.

Gaby has matured a great deal since living with the others, Martina notes. She is able to argue now and can defend herself. "I hope she will become politically active," Martina says.

Gottfried recalls that at first he ignored Gaby but that now he is "more and more on her wave length." He is impressed by the way she manages with her young child.

In the days after the occupation of the building, he says, they were afraid of being evicted which caused a great deal of tension. But now they feel very secure which means they are wrongly suppressing this danger.

It would be a good thing if they got regular rental contracts Ulli suggests, adding that negotiations with the city to this end are underway. Gaby too wants a rental contract, noting it is too insecure living like this for long with a child. If the police came to evict them Gaby says she would not merely look on but would offer active resistance: "This house means a lot to me."

"The movement is dead, long live the movement." Martina exclaims. It started out against speculators, she notes, but now each member of the occupier group lives on his own island which paralyses everything. She says it is especially frustrating for her to see how little interest the others take in politics.

It is simplistic when squatters say they will put up a fight if they are evicted, Gottfried says. If that is all there is to the movement then it isn't very much he adds.

"If the Senat (city government) evicts us nothing will happen despite all the talk of a guerrilla war."

The other Berlin has a springclean

FEW URBAN areas in Europe this past decade have undergone the physical changes East Berlin has—and few needed it so badly. The "other" half of Berlin is beginning to emerge from a massive building and restoration programme looking more like a capital and less like a lifetime monument to the defeat of the Third Reich.

The Hauptstadt (capital) Berlin, as East Berlin is officially called, contains the entire historical centre of old Berlin including the Unter den Linden Boulevard, which ends at the Brandenburg Gate and the Wall. Unter den Linden may no longer bustle but it is an impressive collection of rebuilt structures crowned by the handsome State Opera House, St Hedwig's Catholic Cathedral and the university built under Frederick the Great. A statue of the monarch riding eastward once again stands astride the imperial boulevard and marks his belated acceptance by the Communist Government.

Berlin's searing Protestant Cathedral on the Lustgarten has been restored to its original splendour with the help of the West German Protestant church.

Marble palace

The edifice is reflected in the bronzed windows of the sprawling white marble Palace of the Republic on Marx-Engels-Platz which contains East Germany's parliament and a congress hall seating 5,000. East German teenagers in the vast entrance hall who slide too deeply into the comfortable leather sofas are jolted into upright positions by elderly attendants.

The East German Government recently unveiled plans to build a Marx-Engels memorial behind the Palace of the Republic. As a counter balance, 20 historical buildings are to be reconstructed around the recently rebuilt Nikolai Church dating from 1230 which is now a museum. One of the old buildings to be rebuilt is Ephraim Palace, built by the Jewish financier of the Prussian king. Its facade was stored in West Berlin and is soon to be returned to the East.

The ambitious restoration programme has been spurred on by the 750th anniversary in 1985 of Berlin's founding in what is now East Berlin—an event to be celebrated separately in East and West Berlin. East Germany has no desire to arouse memories of a united Berlin.

Curiously, a scale model of Berlin as it looked before the division does exist—in the Soviet Military Museum in Karlshorst. It is used to demonstrate the battle of Berlin in 1945 but to East Berliners, especially young people who have never seen West Berlin, the most fascinating aspect of the model is that it shows all of Berlin without a wall running through it.

East Berlin's sterile new housing estates—inhabited by up to 100,000 people in prefabricated concrete slabs—are an architectural and city planning disaster. Rents, though are extremely reasonable, with a maximum of 110 ostmarks ($45) monthly for a two-bedroomed apartment.

By contrast the city has begun to renovate its worst housing stock from the late 1800s in the borough of Prenzlauer Berg with impressive results. Unlike the costly renovations undertaken in West Berlin, which the old tenants are then unable to afford, the East Berlin flats are given a basic renewal consisting of the addition of a toilet and bath (by grafting a tower with so called "wet cells" on to the rear of the buildings) and other necessary repairs. The original facades of the buildings are also restored.

An interesting site in East Berlin is the impressive new sports and recreation centre with its big main swimming pool, artificial wave pool, waterfalls, an underwater massage pool and wading pool, as well as a pool for the physically handicapped. An outdoor pool can be reached through a direct channel leading from the indoor one. The complex also includes halls for every kind of indoor sport.

East Berlin has magnificent opera at the Staatsoper and Komische Oper and of course there is the Berliner Ensemble Theatre founded by the late Bertolt Brecht. The Brecht productions are still superb but the theatre has taken on a museum-like quality because of the absence of good contemporary plays.

Life in East Berlin, with its expanses of forest and lakes, can be quite pleasant if one can avoid thinking about the Wall. This is extremely difficult for East Berliners, however, who pass it daily on their way to work. Ever since the blockade of West Berlin in 1948 it has been the East Berliners who have largely suffered for Adolf Hitler's madness and who have borne the main burden in divided Berlin.

Integrating Turkish workers presents thorny problems

THE PRESENCE of 250,000 foreigners in West Berlin gives the city a flavour which contrasts vividly with the very German atmosphere of East Berlin. Buses and the U-bahn in West Berlin are filled with moustached Turks and their kerchiefed wives along with animated Yugoslavs, Greeks, Italians and Russian Jews.

The city's 120,000 Turks however dominate the picture. They *live in the shadow of* the Wall, in a zone of urban decay lying between the Germans in West and East Berlin. There they occupy crumbling tenements with blackened facades where Polish immigrants settled at the turn of the century. But unlike the Poles who were rapidly "Germanised" in all but name, the Turks of Berlin are unlikely to be absorbed.

The majority of the Turks are crowded into "little Anatolia" as Berliners have dubbed the heavily Turkish populated borough of Kreuzberg which they also call the "fourth largest Turkish city."

Cultural gap

Most of the problems encountered by the Turkish *Gastarbeiter* arise from the cultural gap between these villagers from the Anatolian plains and Berliners who pride themselves on their openness toward foreigners. Reducing this gap in the first generation appears illusory as few adult Turks desire to learn more than rudimentary German. Over half the Turkish households in the city are now equipped with video recorders and in the evening the occupants retreat into a world of fantasy-laden Turkish films.

At a conference organised by West Berlin's Aspen Institute which was attended by high ranking Turkish officials, Mayor Richard von Weizsacker said West Berlin cannot tolerate a Turkish enclave in a city which already has one wall surrounding it. In the long run he said the Turks in Berlin would have to decide on either complete integration while retaining their culture and religion or on a return to their homeland.

The Turkish officials replied that such an attempt to put pressure on the Turkish population would only alarm it. Instead they argued the Turks should be given the choice of becoming German citizens or living in Berlin as a minority with Turkish citizenship. West Berlin's official responsible for foreigners said she suspected Ankara wants a strong Turkish lobby in the city rather than a solution to the problem through integration.

In a recent poll only 4 per cent of the Berlin Turks said they wanted to remain in Germany while 80 per cent said they were not interested in obtaining German citizenship. Nearly 14 per cent said they would only return to Turkey if they could go into business for themselves while 17 per cent said they would return after their children had completed their schooling in Berlin.

Over the past decade, however, Turks have consistently told pollsters they wanted to return to Turkey although few have done so. The main reason Turks give for their reluctance to go back is the high level of unemployment in Turkey. Turks out of work receive more in social welfare benefits in Berlin than they could earn in Turkey —if there was work. A Turk prominent in Turkish-German affairs however, suggested that most of his countrymen delay their return because they are simply afraid that they and their families will not be able to adjust to life in Turkey.

This is not to say that life in Berlin for the Turks is a bed of roses. Only one in every 100 Turkish flats has central heating while every 15th flat has a bath and every third one a toilet. To improve the situation the city has ordered that 15 per cent of newly-built subsidised housing is to be set aside for the Turks and other foreigners.

West Germany is preparing legislation to allow Turks who want to return to receive (in a lump sum) the accumulated payments they have made towards their German pension benefits. In addition West Berlin is ready to pay DM 5,000 towards the cost of moving a family of four back to Turkey.

The finding that 80 per cent of Turks in Berlin are not interested in obtaining German citizenship is largely because the Turkish Government makes it difficult for its subjects to give up their nationality. Under German law they can apply to become citizens after 10 years in West Germany or Berlin but last year only 108 Turks in Berlin chose to become Germans.

The spate of anti-Turkish scrawlings on building walls and derogatory remarks about Turks by some Berliners has led to a change in the traditionally pro-German sentiments among Turks.

Younger Turks growing up in Berlin strongly sense the hostility with which some Berliners regard them. Interestingly whenever Turks and Berliners make an effort to get to know each other the relationship is a harmonious one. More than 5,000 Turks belong to Berlin sports clubs where prejudices melt away according to Turks and Germans.

One of the most serious cultural problems arising within Turkish families is the weakening of parental authority which places great strains on Turkish mothers who are caught between criticism from their husbands and their children.

The city of Berlin is aware that education is the key to even partial integration of the Turks into German society.

Berlin teachers say the enthusiasm and eagerness to learn shown by their Turkish pupils often outweighs their cultural disadvantages. They note that while many of their German pupils in the decaying inner-city borough come from broken homes the Turkish children still enjoy a stable family life.

A turning point has been reached as managers no longer resist transfer to the city

Economic battle waged against a subsidy mentality

THE ECONOMY of West Berlin resembles a patient who has just been delivered into a hospital intensive care unit. The chief surgeon (from Bonn) has ordered a blood transfusion and most of the vital statistics *emerging on the patient's* condition are negative.

Nearly 50 per cent of the city's industrial jobs have been lost since 1962 while the number of public service employees has risen to nearly one out of every four working West Berliners. West Berlin has the highest percentage of social welfare recipients of any West German city and the greatest proportion of unskilled manpower.

Its over aged population means deaths exceed births by a large number. The births in turn are mainly to economically disadvantaged Turks. Since the early 1960s 800,000 Germans have left the city and 650,000 people have entered it, two thirds of them foreigners and mainly from Turkey.

Unemployment in Berlin at 9.9 per cent is above the West German level and is virtually programmed to rise in the next few years. But Berlin companies seeking skilled workers have had to look to West Germany to find them. The city's economy is heavily weighted towards traditional industries now being pared to the bone.

More than 50 per cent of West Berlin's budget is now financed by West Germany and the trend is rising. West Berlin will get DM 10.5bn in budget aid this year from Bonn plus DM 8bn in the form of income tax benefits. VAT reductions, investment subsidies and family allowances.

In addition, Bonn subsidises the fares of air travellers using the allied carriers between West Berlin and West Germany and pays an annual DM 525m to East Germany for the transit fees of travellers using the land routes between West Berlin and West Germany.

Bonn will also pay the three western allies in Berlin DM 1.14bn this year towards supporting their troops in the city.

But the patient is not *entirely a stretcher case*: West Berlin's gross domestic product last year was DM 58bn nominally up 4 per cent over 1981. Berlin's processing industry had sales of DM 32.9bn, up 7 per cent over 1981. The value of production per employee rose by 12 per cent. The city delivered DM 25bn in goods to West Germany last year, up 6 per cent. Exports to the rest of the world rose by 9 per cent to DM 6.6bn.

West Berlin employees earned an average annual DM 34,678 or more than in West Germany.

Companies such as Siemens (the largest in Berlin with 24,000 employees), IBM, AEG-Telefunken, BMW, Daimler-Benz, Ford, Philip Morris, Gillette, ITT, Schering and Nixdorf continue to produce in West Berlin, although Schering is the only major German company to retain its top management in the city.

Impressive as this may appear, too many companies over the years shifted high volume, low-technology production to Berlin. This was because of the VAT deduction given to manufacturers in Berlin as well as to their West German customers which rewarded capital-intensive large volume production using mainly unskilled labour.

Thus, the West German cigarette industry produces every second cigarette in West Berlin. Companies manufacturing here are able to deduct 4.5 per cent to 6 per cent of the sale value of goods delivered to West Germany from their VAT obligation.

West German coffee roasters moved from Bremen to Berlin to collect the "roasting" deduction while a slew of companies set up in West Berlin where they added a nominal finishing touch to their West German-made products in order to benefit from the VAT reduction. A good many companies saved more in VAT than they paid in wages in Berlin.

These and generous investment incentives paid to companies in Berlin and the income tax reductions and special family allowances paid to Berlin employees were designed to compensate for West Berlin's unfavourable location. Instead, a subsidy mentality took hold in Berlin along with a bureaucracy which Berlin's conservative economics chief Herr Elmar Pieroth says "stockpiled bureacrats."

Herr Pieroth a businessman himself, has during his two years in office tried to wean West Berlin from "drip feeding" as he calls subsidies. In fact, the subsidies are not to be reduced but are to be redistributed under a new Berlin development law which is to take effect in 1985 (see 10 incentives).

Small and medium-sized high technology companies employing skilled labour are to be encouraged with financial aid to settle down in Berlin and to team up with its many technical and scientific research institutes.

Chancellor Helmut Kohl, proclaiming West Berlin a "national responsibility" has exhorted West German industry to halt the process of decline in Berlin by establishing growth industries in the city. Using a strategy begun by ex-chancellor Helmut Schmidt, Herr Kohl last December convened a summit meeting in West Berlin of West German industrial leaders. It resulted *in some 17* concrete projects creating up to 3,600 jobs. They include:

● A DM 100m plant to produce 100,000 Km of optical fibre annually to be built by Siemens, Philips, Standard Elektrik Lorenz, AEG and Kabelmetal.

● A DM 50m magnetic disc plant to be built by Nixdorf (to its dismay though, the company discovered that borough planning officials were refusing to *approve the* building's functional design).

Daimler-Benz, BMW, VW and the West German Government are to establish a joint innovation company in Berlin to develop advanced production systems. If the project proves successful, VW gradually plans to transfer its industrial robot production to the city.

The giant Veba company and Linde AG have said they will make use of research capacity in West Berlin's technical and scientific institutes. Zahnradfabrik Friedrichshafen is to build a plant in Berlin along with GHH while Hölter GmbH is to erect a factory producing environment protection equipment.

The Basis-computer company is to build a plant to make desk top computers. AEG, which is to close its old turbine factory in West Berlin, releasing more than 2,000 workers, has laid the cornerstone for two new DM 130m factories in Berlin for railway technology and advanced electronics, company divisions which have been consistently profitable.

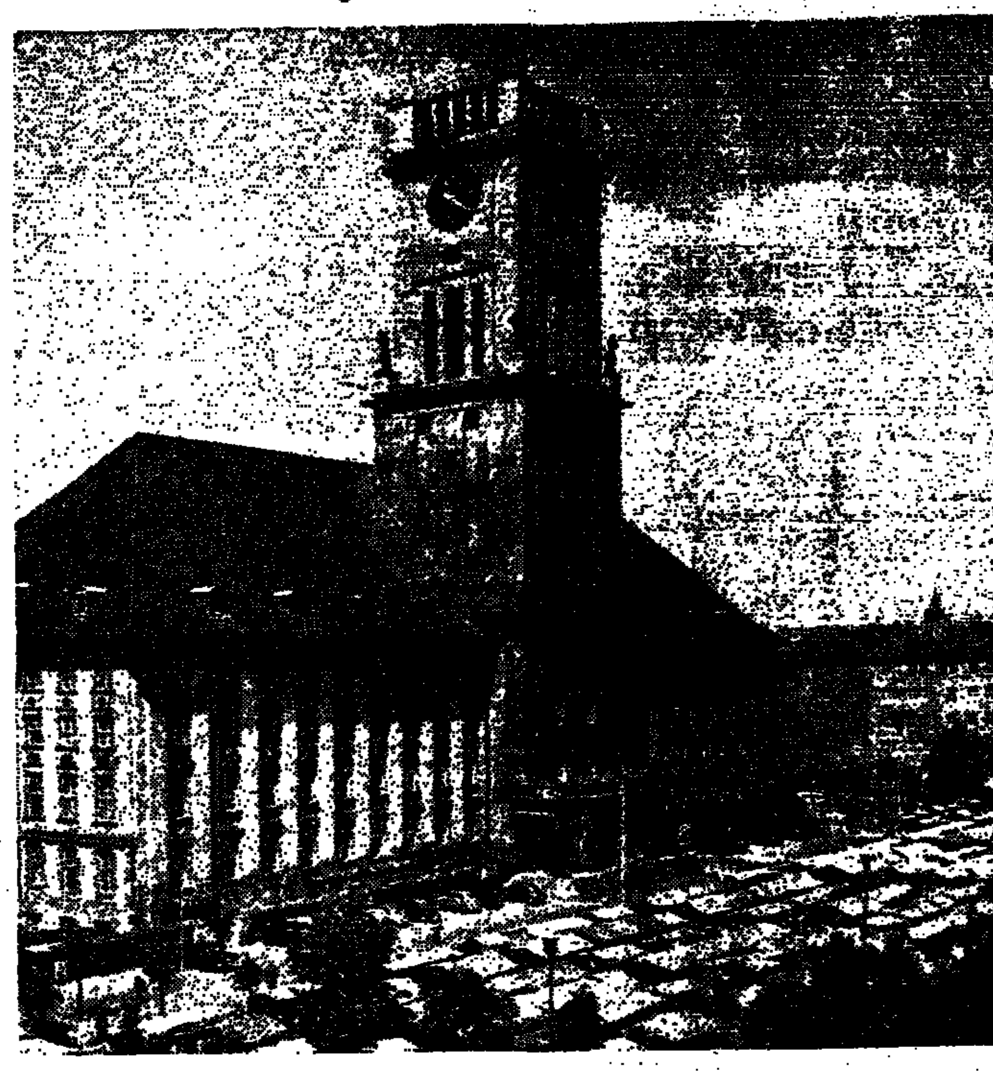
AEG will also build West Germany's first magnetic levitation urban railway in Berlin for *DM 50m on* a 1.6 km track in the centre of the city. Three German banks have agreed to create West Germany's first venture capital company in the city to finance the establishment of high technology businesses in Berlin.

Berlin officials are confident that all this will lead to a *snowball* effect transforming the city into a German version of "silicon valley." The heads of some West German companies in Berlin too detect a turning point of sorts has been reached as managers in West Germany no longer resist tranfer to the city like the plague.

The alternative to a rejuvenated economy is not West Berlin's economic collapse—Bonn will continue to subsidise the city at almost any cost—but a loss of purpose on the part of its inhabitants which would be equally dangerous.

Incentives for Investment

1. VAT reductions of from 3 to 10 per cent from 1985, depending on the level of the value added to products or services sold to West Germany.
2. The West German company buying the product or service gets an added 4.2 per cent VAT reduction.
3. Tax free investment grants (from 10 per cent to 40 per cent).
4. Accelerated depreciation (75 per cent in the first year).
5. Long-term credits (5 per cent to 7 per cent per annum, fixed).
6. Lower corporate income taxes (by 22.5 per cent).
7. Lower personal income taxes (by 30 per cent).
8. Employees get tax free 8 per cent monthly wage bonus and monthly bonus per c' 'l.
9. 50 year leases of land and buildings at 3 per cent of appraised value.
10. 30 hectares of land in W. Berlin are always immediately available for industrial development.



The Town Hall, Schöneberg, seat of the West Berlin Government

International fairs draw big business

A SOMEWHAT forlorn-looking South American exhibitor, used to U.S. trade fairs where potential business contacts are often brought together by computer, sat dejected in his booth, at Berlin's International Tourism Exchange a few years ago. He was waiting to be contacted by the world tourist industry.

The South American might have waited a lot longer if someone had not told him he was expected to get out into the halls and drum up business on his own. The South American subsequently managed to fill his notebook with the names of potential European business partners and has since become a regular exhibitor at the tourism fair.

Last year, nearly 1m people attended fairs in West Berlin, 112,000 of them trade visitors. The 150,000 visitors from outside West Berlin spent DM 216m in the city.

The Berlin fairgrounds under Funkturm, the city's version of the Eiffel Tower, are a cornerstone of West Berlin's longstanding efforts to expand its service sector. The 25 exhibition halls play host to the sprawling tourism fair each year as well as the International Audio and Video Fair and the Green Week, Europe's largest food and agricultural fair. More foreign visitors attended these exhibitions last year than ever.

The Overseas Import Fair "Partners for Progress" which runs until October 2 was causing headaches several years ago for officials at the AMK, the Berlin Company for Exhibitions, Fairs and Congresses. But the current show of products from the developing countries has attracted companies representing 57 Third World countries and a few industrialised ones. Last year more than 4,000 trade visitors attended along with thousands of Berliners in the latter days *of* the fair when it is open to the general public as a test market.

The Overseas Import Fair has gained a reputation as a valuable forum for the developing countries in Europe. This year the ambassadors from Asian developing countries to the European Community and the United Nations organisations in Geneva are taking part in a round-table discussion with representatives of the West German Government, the European Commission and importers.

The Audio and Video Fair, billed as the world's largest, was again a major drawing card early this month. It attracted more than 50,000 trade visitors who came to view the latest in consumer electronics and information and communications services such as Bildschirmtext (viewdata), which was officially launched at the fair by the West German Post Office.

In addition to organising the many fairs in Berlin, AMK also arranges West German exhibitions abroad and is responsible for 21 German fairs this year in 17 cities. An *outgrowth of this sideline* is the co-operation agreement AMK signed with the Gulf Arab Marketing and Exhibition Company in Abu Dhabi where the Berlin company is arranging three specialty fairs this year.

AMK is expanding its interplay of fairs, conventions and seminars which it sees as a key to the increasingly specialised fairs of the future. In order to compete with the many exhibition grounds in other West German cities, two new halls are nearing completion in Berlin which will allow a new fair to be prepared while one is still in progress. Thirty fairs in all are scheduled for this year, including three new exhibitions and four large international fairs.

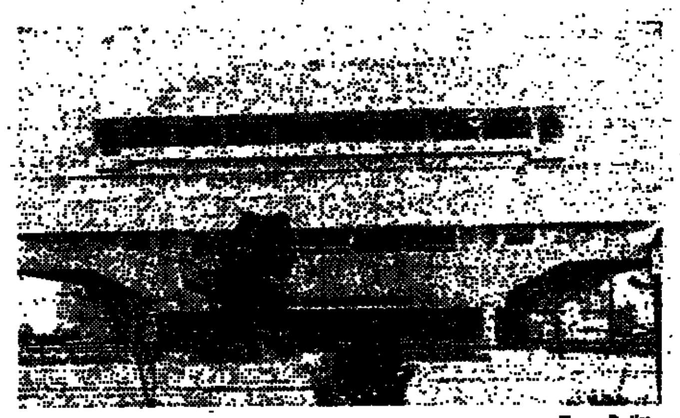
The International Tourism Exchange in March showed some evidence that demand for foreign travel by Germans is slackening somewhat. Both tour operators and destinations hope this is merely a hiccup in the growth curve which has made West Germans the world's leading *travellers based on expenditures* abroad.

Last year they spent DM 40bn in foreign countries, down slightly from 1981. There is little doubt that a primary reason for the success of the tourism fair has been the great German propensity for foreign travel.

AMK's other leg is the gigantic International Congress Centre which to some people has the physical appeal of an airport terminal, albeit an efficient one. The justification for building the ICC in 1979 was not the meagre income it would provide. All major convention centres are highly subsidised and their purpose is to generate business for hotels, shops and other services.

The ICC has been affected to a much greater degree than exhibitions by the world recession. Fewer conventions took place last year. Fewer participants took part in those held and the conventions were of shorter *duration*. But this is the trend in all convention centres and AMK says it—and the other German convention cities—is not going to be drawn into the widespread practice of offering convention *facilities for nothing in* order to fill up local hotels.

Herr Jean K. van Daalen, general manager of the new first class Hotel Steigenberger Berlin, says all the hotels in this category feel the drop in business traffic. It will take three years for the Steigenberger Berlin to turn a profit, longer than had been expected. The major *West* Berlin hotels, however, have been actively selling the city to travel agents and companies, he notes, and a slight upward trend is now noticeable.



Tom Collit

Modern sculpture at the entrance to the International Congress Centre

Drop in traffic

West Berlin's air service, shared by British Airways, PanAm and Air France, has partially *compensated* this summer for the drop in business travellers by luring more private holidaymakers to fly to West Berlin with lower fares. If the new fares are extended throughout the year they might cause more of the travellers who abandoned the airlines in favour of driving their own cars between West Berlin and West Germany to resume flying.

AMK says that instead of improving their service, many convention centres are currently dumping their product. The Berlin company's reaction, it says, is to intensify its sales efforts and to concentrate on international and national conventions of more than 1,000 participants.

The ICC also plans to cultivate its contacts with high-technology industries of the future which is one reason for staging its own technology-oriented conventions such as this year's CAMP—Computer Aided Graphics for Management and Productivity.

West Berlin is now making a major effort to attract investment from the rest of the EEC and elsewhere. Details of facilities and incentives available can be obtained from Berlin Economic Development Corporation, Budapester Strasse 1, D-1000 Berlin 30, Tel 2636-1, Telex 184-467. London office representative, Mr John McKibbin, 31 Northway, London NW11 6PB. Tel 01-455 3778.

THE ARTS

Music

PARIS

Bella Davidovich, piano, Dmitry Sitkovetski, violin: Mendelssohn, Grieg, Mozart, Ravel (Mon) Gaveau (563 2030).
Dame Kiri Te Kanawa accompanied by Robert Sutherland (Mon) Théâtre de l'Athénée (742 6727).
Udo Reinemann, baritone, Noel Lee, piano: Schubert's "Schöne Müllerin" (Tue) Gaveau (563 2030).
English Chamber Orchestra with Murray Perahia, piano: Mozart, Bach (Tue) Salle Pleyel (563 8873).
Arto Noras, cello, Bruno Rigutto, piano (Wed) Gaveau (563 2030).
Orchestre de Paris conducted by Sylvain Cambreling, Jane Manning, soprano: Webern, Schönberg (Wed) Salle Pleyel (563 8873).
Radio-France: Orchestre National de France conducted by Serge Baudo, Pierre Reach, piano: V. D'Indy, R. Strauss (Wed) Théâtre des Champs Elysées (723 4777).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Larry Newland conducting Hakan Hagegard, baritone. Copland, Mahler, Dvorak (Thur) Lincoln Center (874 2424).
Carnegie Hall: Camerata Bern in a North American debut tour performs Monn, Haydn, Veress, Britten (Tue): Bamberg Symphony, Eugen Jochum conducting. All Bruckner programme (Thur). 247 7459.
Musica Sacra: Five concerts in the ten-day "Basically Bach" Festival will feature Richard Westenburg conducting the Musica Sacra Orchestra and Chorus, with chamber works by Handel and Telemann, as well as Bach, performed by the group, including Anthony Newmann, harpsichord. Avery Fischer Hall and Central Presbyterian (64th & Park). (874 3104).
Merkin Hall: Peter Katin piano recital. All-Chopin programme (Mon): Zina Schiff violin recital. Copland, Kirchner, Cowell, Creston Block, Gershwin, Kroll (Tue); the Verdehr Trio, Walter Verdehr violin, Elsa Ludewig-Verdehr clarinet, Gary Kirkpatrick piano. Vanhall, Hutcheson, Hoover, Bartok (Wed). 67th W of Broadway (362 8719).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting. Copland, Delius, Mahler (Thur) (435 8111).

LONDON

Philharmonia Orchestra, conductor Jacek Kasprzyk with John Lill, piano, Margaret Marshall, soprano: Beethoven Piano Concerto No 5, Mahler Symphony No 4. Festival Hall (Mon) (928 3641).
Ileana Cotrubas, soprano, Julia Hamari, mezzo-soprano: Monteverdi, Scarlatti, Mozart, Schumann, Mendelssohn, Granados and Dvorak. Elizabeth Hall (Mon) (928 3641).
Royal Philharmonic Orchestra, conductor Antal Dorati, Lynn Harrell cello: an all-Dvorak programme. Festival Hall (Tue) (928 3641).
London Sinfonietta: Witold Lutoslawski conducting a programme of his own music, including a premiere. Elizabeth Hall (Tue) (928 3641).
A Royal Philharmonic Society concert with the BBC Symphony Orchestra, Singers and Chorus conducted by Norman del Mar with pianist Shura Cherkassy: Bax, Liszt, Ravel. Festival Hall (Wed) (928 3641).
Norwegian Chamber Orchestra with Iona Brown, conductor/soloist: Grieg, Barber, Mozart, Vivaldi. Barbican Hall (Wed) (638 8891).

Arts Week

F	S	Su	M	Tu	W	Th
30	1	2	3	4	5	6

London Concert Orchestra, conductor Marcus Dods, Crispian Steele-Perkins, trumpet: Handel, Haydn Trumpet Concerto, Schubert, Mendelssohn. Barbican Hall (Thu) (638 8891).
Janis Vakarelis, piano: new work by Theodore Antoniou: Brahms, Beethoven, Schubert, Mussorgsky. Elizabeth Hall (Thu) (928 3641).

WEST GERMANY

Hamburg Opera: Lieder recital with Kiri Te Kanawa, accompanied at the piano by Roger Vignoles: Handel, Mozart, Strauss and Bridge. (Thur).
Berlin Philharmonie: This year's 33rd Berlin Festival runs from Sept 1 to Oct 2. The last week of performances opens with an evening dedicated to Olivier Messiaën. Soloists are Siegfried Palm, Saschko Gawriloff, Hans Deinzer and Aloys Kontarsky (Sun). The Berlin Philharmonic Orchestra conducted by Jesús López Cobos presents Alban Berg and Liszt (Tues, Wed).
Munich Kongressaal Des Deutschen Museums: Guest appearance of the Czech Philharmonic Orchestra. Conducted by Vaclav Neumann with an all-Dvorak programme (Sun).

Exhibitions

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27.
Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13.

CHICAGO

Art Institute: 237 works from the Vatican Collection show the range of religious and secular art that Popes collected as important patrons to both artists and archaeologists. Compared to what can be seen in Rome, the travelling exhibit may seem meagre but at the same time, major works like the Apollo Belvedere and Caravaggio's The Deposition can be better highlighted in this carefully chosen and well-groomed selection. Ends Oct 16.
Museum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984.
Hirshhorn Museum: Direct Carving in Modern Sculpture is a cleverly assembled show from the museum's own collection of works by Brancusi, Gauguin, Hepworth, Moore, and Noguchi, among others, showing the taille direct technique as revived in the late nineteenth century and used even today. Ends Nov 27.

PARIS

Murillo in the Museums of France. In one of its excellent didactic exhibitions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings – among them the Young Beggar – from French public collections. Plans, photographs and engravings help us to situate the Sevillan artist in the context of his times. Closed Tue, ends October 24, Louvre, Pavillon de Flore (260 3926).
Musée Marmottan, 2 rue Louis-Boilly: an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil "Impression – Sunrise," which gave the name to the whole movement. Closed Mon.

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.
Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.
Florence: Palazzo Pitti: 100 paintings and collages from all over the world by Gino Severini on the centenary of his birth. Orzinuovi (a small town near Brescia) till Oct 16: exhibition of 170 paintings by Antonio Ligabue, 46 of which have never been exhibited previously.

LONDON

The Hayward & Serpentine Galleries: The Sculpture Show – this year the Arts Council's annual review of some particular aspect of contemporary British art – takes new sculpture as its subject, with the personal selections of three invited jurors covering altogether the work of some 50 artists. But so wide and various is this field, that this is no definitive show: rather it is its very partiality which makes it so useful, bringing to the domestic public the work of a younger and ascendant generation that has already begun to attract considerable attention abroad. Ends Oct 9.
The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business.
The Royal Academy: Art of the Avant Garde in Russia 1910-30: a selection amounting to some 300 works from the astonishing collection formed since the War by George Costakis, sometime official in the Canadian Embassy to Moscow. The Russian artists in the years before and after the Revolution were as stimulated by the ideas and events of that time as their fellow-intellectuals and consequently denounced as decadent when Stalin decided they were too dangerously free and should be suppressed. One wonders how many more works are still under lock and key. Ends Nov 13.

BRUSSELS

Utrillo Centenary Exhibition: Musée St George, Liège. Ends Oct 16.
James Ensor: Koninklijk Museum, Antwerp. Ends Oct 30.

WEST GERMANY

Hildesheim, Römer- und Pelizaeus-Museum, am Steine: The only German venue of Art Treasures from Ancient Nigeria with 100 exhibits bearing witness to the oldest African cultures from 500 BC to 1900 AD. Ends Oct 23.
Berlin, Akademie der Künste, 10 Hanseatenweg: Suprematism, Russian style, is documented here with roughly 500 original designs. Manifestos, photos and paintings from between 1900 and 1917 by the painter Kasimir Malevith. The poet Alexander Krutshenych and the composer Mikhail Matyushin. Ends October 9. Also at the Akademie der Künste: a show of the work of Julio Gonzáles (1876–1942), the Spanish sculptor, with 250 exhibits, among them pictures never shown before. Ends October 23.
Hamburg, Kunstverein, Glockengiesserwall: 120 drawings, water colours and gouaches from between 1881 and 1955 by Fernand Leger, the French master of Cubism. Ends October 16.
Hanover, Kunstmuseum, Kurt-Schwitters Platz: more than 100 paintings and coloured sheets from a northern German private collection by Horst Antes. Ends October 17.
Bottrop, Josef Albers Museum, 20 Im Stadtgarten: oil paintings, drawings and graphics by artists from the Brücke School of painting – among them Ernst Ludwig Kirchner, Max Pechstein and Erich Heckel. Ends October 16.
Mainz, Mittelrheinisches Landesmuseum. 49–51 Grosse Bleiche: The first venue of an exhibition reflecting artistic developments in France between 1960 and 1980 which is presently touring the Federal Republic. The show has more than 140 pictures and sculptures by roughly 50 artists. Ends October 5.

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: Premiering this week is Zimmermann's Die Soldaten, presented for the first time in Berlin. Produced by Hans Neuenfels it has Catherine Gayer and Rolf Kühne in the main parts. The Marriage of Figaro has Pilar Lorengar in the leading role, as well as in Tosca. Wolfgang Korngold's rarely played Die Tote Stadt brings together Karan Armstrong and James King.
Hamburg Staatsoper: Madame Butterfly, sung in Italian, has Yoko Watanabe and Juan Lloveras in the main parts. The Magic Flute, an ultra-modern production by Achim Freyer, has fine interpretations by Martti Talvela as Sarastro and Carla Del Re as Queen of the Night. Der Barbier von Sevilla has Ruggiero Raimondi and Lucia Valentini-Terrani in the cast.
Cologne Opera: Acclaim for Elektra, produced by Munich's Opera Director August Everding, who introduced himself to the Cologne audience with this production, was great. It is cast with Gwneth Jones, Helga Dernesch and Lisbeth Balslev. The Turn of the Screw rounds off the week.
Frankfurt Opera: Janaceks's Jenufa, added again to the programme, has Helena Döse making her debut in the title role: La Traviata, conducted by the young American conductor Judith Somogi, has Faye Robinson in the part of Violetta. The First premiere this season, Der Freischütz, as Walter Raff and Barbara Bonney. Carmen features Gail Gilmore in the title role.
Munich Bayerische Staatsoper: This week's highlight is Otello with Julia Varady. Wladimir Atlantow and Piero Cappuccilli. Werner Egk's Peer Gynt, produced by Kurt Horres, has Cheril Studer excelling in the main part. Giacomo Puccini's two one-act operas Il Tabarro/Gianni Schicchi are well worth a visit with Rosalind Plowright, Astrid Varnay and Giorgio Lamberti.

PARIS

Paris Opera presents Rossini's Moses sung by Samuel Ramey and Shirley Verrett (266 5022).
1st Paris International Dance Festival: Nederlands Dans Theater, artistic director Jiri Kylian: "Curses and Blessings", "Violin Concerto", "Information About Music" or "Symphonie Des Psaumes" at the TMP-Châtelet (261 1983).
Théâtre National de l'Opéra de Paris: "Coppelia" conducted by John Lanchbery, original choreography for the 1st and 2nd act by Arthur Saint-Léon, adaptation and choreography for the 3rd act by Pierre Lacotte. Theâtre des Champs Elysées (723 4777).

LONDON

Royal Opera, Covent Garden: Werther, a John Copley production originally mounted for the ENO and later taken over by the Royal Opera, returns with a largely new cast – Giacomo Aragall in the title role, Yvonne Minton and Yvonne Kenny, conductor Jacques Delacôte. Further performances of La Clemenza di Tito, with Stuart Burrows and Doris Soffel; final showing of Berg's shattering Lulu, with Karan Armstrong.
English National Opera, Coliseum: Monteverdi's Orfeo, in the controversial (and to some tastes, ludicrous) production by David Freeman, returns with Laurence Dale, new to the title role. Also in repertory: the new Rienzi, with Kenneth Woollam, Felicity Palmer and Kathryn Harries, and Ariadne on Naxos.
Sadler's Wells Theatre: Two further performances of the Buxton Festival production of Vivaldi's Griselda, with Cynthia Buchan and John Mitchinson. Thereafter, the English Bach Festival takes over the theatre for a short season devoted to the celebration of the Rameau tercentenary – a new production of Platée and a revival of Naïs.
Royal Opera, Covent Garden: The Royal Ballet opens its season with a performance of Swan Lake.
Dance Umbrella: This festival takes place in many and varied dance spaces over London where modern and post-modern dancers of many and varied pretensions can be seen. Sample with care.

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts Les Troyens, with Jessye Norman as Cassandra, Tatiana Troyanos as Dido and Placido Domingo as Aenaes; Richard Bonynge conducts La Fille du Regiment with Joan Sutherland as Marie and Alfredo Kraus as Tonio: Eugene Kohn conducts La Boheme with Mirella Freni as Mimi, Barbara Daniels as Musetta and Neil Shicoff as Rodolfo, in the second week of the centenary season. Lincoln Center (580 9830).
New York City Opera (New York State Theatre): Turandot, Les Pecheurs de Perles, Carmen, The Merry Widow and Alcina. Lincoln Center (870 5570).
Marta Renzi & Dancers (Dance Theater Workshop): Premiere of What Practice Makes, set to Beethoven string quartets and choreographed by Miss Renzi, highlights a three-week season. 19th St. & 7th Av (601 6500).

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)
Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigres working in Tinseltown during the war. Intelligent, witty and pertinent play about the artist in exile, with Michael Gambon as the lugubriously resurrected Odon von Horwath and Ian McDiarmid a predatory, very funny Brecht. (928 2252)
The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).
A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832).
Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (836 9988).
Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834).
Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).
Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).
The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)
Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).
42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).
Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).
Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).
Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).
Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).
Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262).
Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394).
Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670).
Troilus and Cressida (Folger): season opener in the company's own Globe Theatre is by their "resident playwright" exploring infidelity and romance against a Trojan War backdrop. (546 4000).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

Cinema/Nigel Andrews

In search of a global perspective

British critics spend much of their lives gazing hopefully into the horizon for the New Dawn of British film-making. I've long believed this to be the reason why in festival screenings they sit further forward than critics from any other nation: they are already half-blind from the strain of constant future-watching.

False dawns in UK cinema come ten-a-penny, but we cannot let the latest three-part glimmer go unrecorded. First, recently released figures show that net overseas earnings by British film and TV companies reached a record level in 1982 (£78m). Secondly the NFFC (National Film Finance Corporation) is in a rosier state fiscally today than anyone can remember; with three films now in production or post-production and six more in preparation. NFFC director Mamoun Hassan announced the glad tidings this month. Thirdly, 1984, that grim Orwellian ogre of a year, is to be given a token face-lift by being designated the "Year of the British Film" by the Association of Independent Producers. This is probably as sweetly fragile and Utopian an ideas as "Plant a tree in 1983" or "Build an igloo in 1982" (I improvise): but heroic actions do sometimes follow hopeful thoughts.

A scene from Hungarian film "Forbidden Relations": a corrosive tale

Nationalism is no way to run a cinema, of course, and it has often seemed to me that the reason the British film industry spends most of its life at a standstill is because it's paralysed by the invisible mandate to be "British." Do American film-makers pore over their cigars asking "How can we think of a subject that's indigenously American?"

And it's not only the subject matter but the creators who in Britain are scanned for national acceptability. NFFC chief Hassan has often been rapped over the knuckles or downright vetoed by his fellow board-members for urging the cause of foreign film-makers who wish to direct British-financed or part-British-financed films. Recent turned-down applicants to the NFFC who were championed by Hassan, but had to seek finance elsewhere, include Jerzy Skolimowski with *Moonlighting*, James Ivory with *Heat and Dust* and Nagisa Oshima with *Merry Christmas Mr Lawrence*. All these films had strong British participation in cast and crew, plus substantially "British" subject matter, and at least two went on to perform well at the box office. But the director's nationality was enough to get a thumbs-down from the board in each case.

If this kind of xenophobia had existed in the heyday of "British" literature, the mind boggles at the possible consequences. No, we cannot allow the Pole Konrad Korzeniowski to come here and write British novels, even if he does change his name to Joseph Conrad. Henry James and T. S. Eliot? Certainly not; they are from that overweening transatlantic ex-colony from which we are now separated by a common language.

The belief that there is a limited filmic cake which we cannot allow foreigners to nibble is both risible and destructive. While British directors regularly leave this country by the Western exit door, fleeing a quality and initiative starved industry, the film-makers who could come in from the East and help to goose that industry are kept waiting at the cultural customs gate. Is it better to have our cake dwindle to little or nothing than to have it touched occasionally — and perhaps enriched — by foreigners?

With the new batch of NFFC films being lined up, however, the patriots have clearly had their way, since British talent is to the fore: including producers David Puttnam and Simon Perry, and directors Alan Clarke, Mark Peploe, Conny Templeman and others.

The emphasis on keeping British cinema British has sounded as loudly in relation to content as it has to creators in recent times. Of course British subjects—the Empire triumphing at the Olympics and tottering momentously in the Subcontinent—have won us a fistful of Oscars in the last two years. But what kind of filmic future are these films, however highly regarded and richly laurelled, a foundation for? How many large screen essays in historical recreation are we to conjure forth before we realise that there is a Britain today to make films about and, more importantly, a *world* today?

One wonders how Shakespeare would have felt if the Globe Theatre investors had insisted that since he was a British playwright he wrote about indigenously British subjects. *King Lear*, wholly acceptable; *Cymbeline*, fine; but do we really wish to know about black Generals suffering the pangs of jealousy in Cyprus or Danish princes complaining about the rottenness of their national state? And couldn't we transfer *The Tempest* from the "vexed Bermoothes" to the Isle of Wight?

The New German Cinema, the greatest national filmic phenomenon of the past 20 years, has remained true to its origins and personality not by hugging German subjects—look at Wenders's recent films and nearly all of Herzog's—but by bringing a sensibility always identifiably theirs to universal subjects. When British directors move away from Britain, however briefly, their personality seems to evaporate. Could one readily recognise *Shoot The Moon* as an Alan Parker film? Or *Marathon Man* as a Schlesinger? Or *Lords of Discipline* as a Franc Roddam?

British culture has been too busy insisting that external themes and realities—of class, landscape, vernacular—define the national soul, whereas "Britishness," like German-ness or Italian-ness, should be an inner reality. The result is that few British directors (Roeg and Boorman among the exceptions) have *developed* that inner reality that keeps their artistic personality intact wherever they travel.

We now have a glowing recent British past; the record 1982 foreign revenue from British film work. A sturdy British present, with the NFFC chugging towards new productivity highs. And a hopeful British future with the 1984 "Year of the British Film." Now let's forget about the external trappings of Britishness altogether. Let us start the stateless, universal founts of creation and imagination flowing again, regardless of national differences and regardful of the fact that a rich and resonant movie subject, wherever it's set, will always tweak the interest of alert investors. If it's good it will be universal. If it's good, it will also be true to the artist's deepest self and source. And if it's good, it might also keep winning us those Oscars.

★

In London the week's only new film is *Forbidden Relations* (Gate Bloomsbury, "18") from Hungary: a corrosive little tale of Eastern European incest. Director Zsolt Kezdi Kovacs, who made *When Joseph Returns*, throws that movie's lead actress, sullen and chubby Lili Monori, into the story of a girl pursuing *l'amour fou* with her older brother (Miklos B Szekely). She does this even though the latter is regularly bundled off to jail for this outrage against Nature and despite the fact that Mari Torocsik as her mother—sorry, their mother—climbs up every available wall in sulphurating protest. One of the advantages of incest, it has always seemed to me, is that it dispenses with mothers-in-law. But Miss Torocsik makes up for that theoretical benefit by going totally and formidably bananas at every opportunity.

Kezdi Kovacs swings the narrative through stations of guilt, distress, defiance, frenzy, recrimination, conciliation, even if his lack of an identifiable "style" makes the movie end up seeming an oddly inconclusive slice of Magyar life. Cherishable, however, for its scenic picture of the Hungarian boondocks—all damp and level vistas strewn with shacks and swamps—and for the high voltage acting of Monori and Torocsik.

New 'Duenna' at the Young Vic

The Young Vic is to present a new musical version of Sheridan's musical comedy *The Duenna* in October. Written by Lance Mulcahy, the production will be directed by Frank Dunlop and Anthony Bowles. The Duenna will be played by Sheila Steafel.

Ms Steafel will also be making her Shakespearean acting debut at the Young Vic in October, playing Maria in *Twelfth Night*.

Stuart Trotter's production of Harold Pinter's *The Caretaker*, with Stephen Lewis, Ben Stevens and David Marrick, continues in the theatre's repertoire throughout October and November.

Steuerman/Elizabeth Hall

Dominic Gill

The Brazilian pianist Jean-Louis Steuerman plays Bach Partitas as if he had fallen under the spell of Glenn Gould, and the spell had gone terribly wrong. He opened his recital last night with the fifth and sixth Partitas, every fast number gabbled irredeemably fast, every slow one in a Valium dream. The playing had almost no traces at all of elegance, subtlety, variety or contrapuntal refinement, and was full of awkward, often-fluffed ornaments. Steuerman has potentially good fingers, and one could deduce from the performance (as it were, at several removes) a quirky but genuine musical intelligence; all the more strange that he should choose to play Bach in this ugly and unimaginative way.

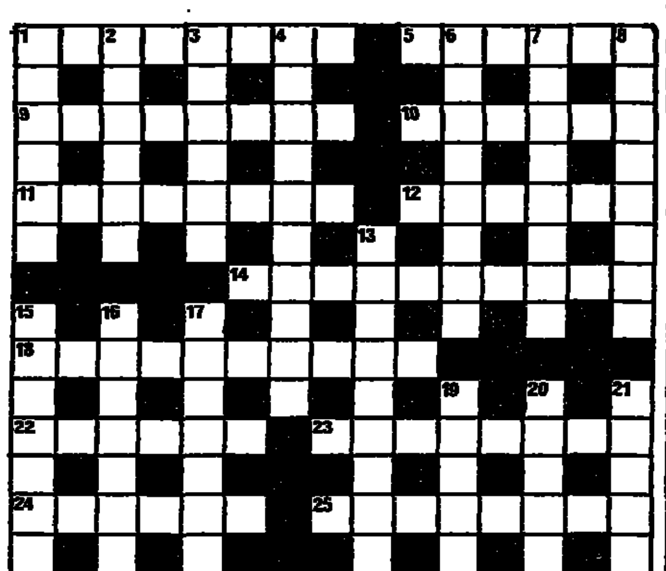
One could have supposed that it might be a treatment reserved exclusively for Bach: but Steuerman moved in on Schumann (the Toccata) and Skryabin (the fifth sonata) in precisely the same breathless, aggressively thoughtless fashion. Only Berg's little op. 1 sonata came remotely near to being a real, whole performance: but even that, in its cloudy counterpoints and flaccid rhythms, was fundamentally flawed.

Poetry Library's new home

The Arts Council's Poetry Library has moved from Long Acre to its previous home at the Arts Council's headquarters in 105 Piccadilly. It contains 22,000 volumes of poetry written in English, or in English translation, since 1914, and has two copies of each volume to allow borrowers to take one of them home.

There is no charge to borrowers.

F.T. CROSSWORD PUZZLE No. 5,230



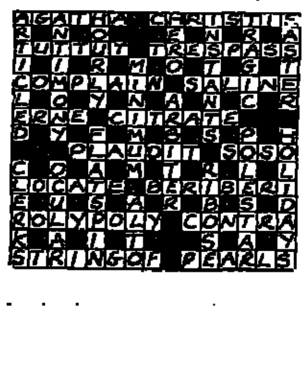
ACROSS

1 Retired worker is not on the right side (4, 4)
5 Climbs up by degrees (6)
9 Granted unusually constructed and singular fishing gear (4-4)
10 Get Public Relations on to the Alliance, quickly (6)
11 Previous operation put back inevitable discovery (8)
12 Cheerful mug? Quite the reverse! (6)
14 Irritating cancellation (10)
18 Calmly act as ordered about wrong dose (10)
22 Left a pound on the way in (6)
23 Peevish note (8)
24 Extract sounds wrong (6)
25 View presented by a father and not a mother (8)
26 Mixing pigment like this is insane (6)
27 Be covered over and decorated (8)

DOWN

1 Young man gets colour back during run (6)
2 With a tendency to panic, to go up in the air about minor appointment (6)
3 The son becomes trustworthy (6)
4 Head-splitting piece of music? (10)
6 Step behind vehicle with a shell (8)
7 Stay? That is underwear! (8)
8 Brief period of deprivation (8)
13 Specially designed to follow the alternative put forward (6-4)
15 Meals get cold in sinks (8)
16 A joint write off (8)
17 The present party to lead the country (8)
19 Not out, but in one's element (2, 4)
20 Contracted to keep quiet on status (6)
21 Abandon in Central London (6)

Solution to Puzzle No 5,229



Forests, lakes and meadows make up one third of West Berlin. Left to right: avenue of linden trees in the park of Humboldt Palace; bathing beach at Wannsee and a traditional family picnic through cornfields

The city's environs contain large areas of open space, providing a major contribution to the quality of life

Encircled by lake and woodland amenities

WHAT ARE 300-odd foresters doing employed in West Berlin? And what is an armada of sailboats and cabin cruisers doing in a landlocked, walled-in city?

The foresters and their assistants take care of 7,663 hectares of Scots pine, beech and birch woods which make up 16 per cent of West Berlin's area. The boat owners manage to create traffic jams on summer week-ends on two large lakes spread over 668 hectares. All told, the forests, lakes and meadows make up one-third of West Berlin—by far the most attractive part.

Sundays, a mass exodus takes place from the city's inner boroughs to the leafy suburbs of Zehlendorf and Frohnau where Berliners take their obligatory week-end stroll through meticulously-tended forests. Trees requiring extra care are numbered and even the reeds planted along the lake fronts are replenished annually.

The ritual of the Sunday walk — elderly Berliners still don suit and tie for the occasion—may be winding down as younger Berliners resist attempts to get them walking briskly through nature in every season. Boating, however, remains a passion in Berlin and on a breezy day the Wannsee and Tegeler See are crowded with craft of all kinds including a Chinese junk and several large yachts which spend most of their time at their moorings.

They and the many expensive cars in the streets dispel any notion the wealthy have all left West Berlin for West Germany. The financial incentives which Bonn offers to businessmen in West Berlin have bred scores of new millionaires who live in the choicest suburbs of Dahlem, Schlachtensee and Wannsee. Some may be seen cantering through the Grunewald on their horses, stabled in the city.

The agreeable side of West Berlin life is shared by the three Western Allies who occupy the city but who, in official Berlin parlance, are called the "protective powers."

Troops favoured

American, British and French troops in the city — some 10,000 of them—enjoy amenities which are far superior to those of their fellow-soldiers based in West Germany which GI's in West Berlin still insist on calling the "zone."

One American soldier visiting West Berlin wrote to the Army newspaper, Stars and Stripes, that during his stay he noticed that even a two-star general in Berlin was entitled to a black 450 SE Mercedes.

The U.S. Commanding General in West Berlin replied that all administrative vehicles used by the Allies in Berlin are paid for by the West German Ministry of Finance and that the Mercedes sedan was provided by the German Government. The British and French commandants, he added, are "furnished similar transportation."

Where do all the young people come from one sees in over-aged Berlin? Many of them are students from West Germany at the Free or Technical universities or one of the many colleges and academies in the city whose enrolment totals some 100,000. The popularity of attending university in Berlin is enhanced by the fact that West Berlin males living in the city are not subject to military service.

The pronounced left-wing tilt of West Berlin's universities has been somewhat redressed by the political apathy of most students, whose primary concern is the outlook for future employment. But many students express a profound cynicism about traditional Western values while scrimping to save for a holiday on Crete.

Berlin is a city of symbols, of which the S-Bahn which runs through East and West Berlin is both a negative and positive one. The decaying East German-administered urban railway has virtually ceased operating in West Berlin after East Germany tired of subsidising it in the face of the reluctance of West Berliners to use the system.

Instead of tearing down the elevated lines and using the right of way to create a green belt through the city, West Berlin is determined to restore it in phases at enormous cost. Although West Berlin has a dense network of underground and bus lines, the city government feels it cannot dismantle a symbol of Berlin's former unity. And most West Berliners would probably agree.

Similarly, Congress Hall in the Tiergarten which was donated by the United States in the early postwar years is to be rebuilt at great cost after its cantilevered roof partially collapsed in 1980. Although many city officials favour razing the entire structure, they are reluctant to suggest such a rational solution as many Berliners regard the "pregnant oyster" as symbolic of the German-American alliance.

In spite of their proximity to East Berlin, a surprising number of West Berliners go for years without setting foot there or seeing more than the East German checkpoint at Drewitz while driving to and from West Germany on the Autobahn. Their experience of East Germany is as vicarious as that of most West Germans, gleaned from the West German TV news and the tabloids.

Those West Berliners who have relatives in the East are the ones who cross over most frequently. An acquaintance of mine, an elderly disabled lady whose son and grandchildren live in East Berlin, hobbles across the eerie Bornholmer Bridge to East Berlin each week carrying a bag bulging with presents.

However, such family links with the East are growing rare among young West Berliners who also do not share a memory of one Berlin. When the older generation is gone there will be far fewer ties binding West Berliners to East Berlin and East Germany.

Public worship of city orchestra

THE BERLIN Philharmonic Orchestra has buried its squabble with its Chief Conductor, Herbert von Karajan, and is again the subject of music critics and not gossip columnists. The young Sabine Meyer is playing her clarinet for a trial year as the maestro wished.

Both orchestra and conductor in the future will decide whether an applicant is to be given a trial year and is subsequently to be hired as a full member. The loser in the struggle of egos was Peter Girth whose contract as Director of the Philharmonic will be allowed to lapse in 1985.

Attending a performance of the Berlin Philharmonic under von Karajan at the height of the controversy one felt an outpouring of emotion for both the conductor and the orchestra from the audience. Berliners were not going to let the dispute get in the way of their worship of von Karajan and their devotion to the orchestra.

Thunderous applause reverberated in Philharmonic Hall for some 20 minutes after they played Beethoven's fourth piano concerto and Saint-Saens' Symphony No. 3. The frail, stooped figure of von Karajan returned repeatedly from the wings to make stiff bows to the frenetic audience surrounding him. The orchestra rose a half dozen times to acknowledge the thunderous applause which came to an end out of sheer exhaustion.

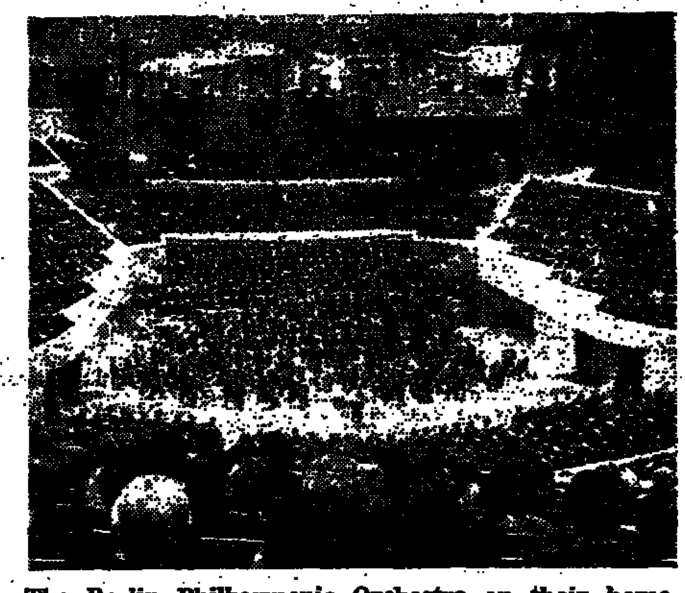
But not all Berliners were so forgiving. A letter to a local newspaper asked pointedly when von Karajan was going to conduct more subscription concerts. It claimed Herr Girth had said in an interview that von Karajan preferred to conduct concerts where tickets are on free sale as the audience applauded more enthusiastically than did regular subscribers. The letter writer proposed reverting to the old system under which von Karajan conducted one concert for each of the subscription groups.

The "lifetime" Permanent Conductor of the Berlin Philharmonic, however, is now 75 and suffering from a painful spinal injury for which he has undergone another operation. Until now, the Berlin Philharmonic has given no formal thought to his eventual successor, leaving one to believe he could not be replaced.

Profited mightily

Both the orchestra and its conductor have profited mightily from each other since von Karajan first took over in 1955. Few conductors of major orchestras have shown the same fascination with and mastery of the electronic reproduction media as von Karajan. He and the orchestra have probably been presented in more television and film specials and recordings than any other European orchestra and have profited accordingly.

The Berlin Philharmonic's centennial last year was accompanied by the release of 100 recorded masterworks by the orchestra under von Karajan with record covers painted by his wife Eliette. Sales thus far have been well over 800,000 records. After recording every symphony by Beethoven, Brahms and Bruckner and large amounts of Haydn, Mozart and Tchaikovsky as well as seven Wagner operas, the maestro still wants to record all of Gustav Mahler's symphonies, of which he is missing five.



The Berlin Philharmonic Orchestra on their home ground, the Philharmonic Hall

The pursuit of culture has become almost a religion, with massive municipal support

Throngs of art festivals

BERLIN'S resident American sculptor, Edward Kienholz, has won the international competition for a new fountain on one of West Berlin's main squares with a work entitled "Car Wash." An ageing Mercedes moves in and out of a transparent car wash unit as jets of water spray over the rusting symbol of technological excellence. At night the fountain is to be illuminated by floating traffic lights.

Although Daimler-Benz is unlikely to be impressed, the fountain does seem an appropriate centrepiece for the faceless Ernst-Reuter-Platz. For that matter, the gigantic sculpture by Jean Ipousteguy in front of the International Congress Centre perfectly complements its brutal facade.

Kienholz is one of the best known of the many artists in residence who have spent a year and more in Berlin under the auspices of the DAAD, the German Academic Exchange Service. Several others have stayed on such as the Korean composer Isang Yun, the Anglo-Hungarian writer George Tabori and the Polish writer Witold Wirpsza. Such a programme would have been superfluous in pre-1933 Berlin when it was the central European magnet for foreigners and Germans.

Cultural aid

West Berlin has certainly the conditions for a cultural flowering. City subsidies to the arts are enormous even by West German sta:.dards and West Berlin is a vital part of the international concert and opera scene.

Before World War II, Berlin had as little need of a theatre, film or music festival as did London or Paris. Today the city is in the midst of one or another cultural festival for much of the year—not to forget the music and drama festivals in East Berlin.

Professor Götz Friedrich's return to Berlin in 1981 as Director of the Deutsche Oper Berlin—he was a protege of the legendary Walter Felsenstein at the Komische Oper in East Berlin—was in the nick of time as the West Berlin opera house had gone stale.

His presentation of Lulu, which he discussed with the audience afterwards, and his House of the Dead by Janacek were audience provokers. Friedrich has also set about renovating staples such as his beautifully done Falstaff and the Flying Dutchman.

The West Berlin Opera House propably has a higher percentage of foreign singers in its ensemble than any in Europe as evidenced by names such as Armstrong, Berberian, Dooley, Jones, King, Little and Todorova.

The current Berliner Festwochen are devoted to the avant-garde Russian and East European musicians, playwrights and painters from 1900 to 1920 who helped create what we know as "modern art" today. The invited orchestras have presented a work or two by Scriabin, Stravinsky or Bartok, with the London Symphony Orchestra offering one of the most demanding programmes. The most comprehensive exhibition ever to be seen in the West on Russian painting, theatre and literature of this pre-revolutionary period is being shown at the Acadamy of Arts in Hanseatenweg until October 9. Dr Ulrich Eckhardt, director of the Festwochen, and his team spent three years preparing the exhibit which makes extensive use of materials found in the archives of Moscow's literature and theatrical museums.

West Berlin's Theater Treffen (a sort of theatre festival) last spring brought together what were supposed to be the best plays being staged in the German-speaking countries. It was a patchy affair. The Deutsches Schauspielhaus Hamburg brought an anti-theatrical piece by Peter Handke "Uber or Ueber die Dörfer" which is best suited for a reading. The Schaubühne of Berlin presented Botho Strauss' "Kalldewey Farce" which was, as always in this theatre, a revelation of acting and staging.

Director Peter Stein's Schaubühne has managed to survive the move to its DM 70m new theatre on the Kurfürstendamm without losin: its artistic vitality. The actors who run the theatre along with the rest of the staff must study the background of each play and take part in discussions about it before rehearsals can even begin. The end result is often brilliant, if somewhat clinical theatre.

The Polish theatre director, Henryk Baranowski, who has lived in West Berlin for the past three years calls its theatre scene a "flirting whore with the soul of a cemetery." He has attempted to inject some Slavic soul into his Transformtheater which operates without subsidy and without a theatre.

Baranowski uses young talent he has trained at his school of acting, letting them perform with professionals. The outcome is brilliant theatre as in his presentation of Tadeusz Rozewicz's An Old Woman Breeds with its message of civilisation's suicide by war, tidal waves of garbage and other modern amenities.

Poland's loss is West Berlin's gain and is the best proof that nothing works like political repression in one country to make its talent leave and fertilise cultural life elsewhere. This is a lesson Berlin learned after 1933.

PROFILE: RICHARD von WEIZSACKER MAYOR of WEST BERLIN

Aristocrat with middle views

HALF OF his four years term as Governing Mayor of West Berlin has been weathered by Richard von Weizsäcker with scarcely a chink in his reputation as one of the Christian Democrat Partys (CDU) most consummate politicians.

His public appeal stems largely from appearing to be above the political fray. Similarly, his exalted position within the CDU is based on his knack of manoeuvring between the right and liberal wings of the party without coming to harm. Behind the aristocratic image is a man with a deep sense of duty to the nation and the Evangelical (Protestant) Church of which he is a lay leader. It is somehow fitting he should have become Governing Mayor of West Berlin, the last remnant of the nation.

Herr von Weizsäcker, 63, is the son of the late Baron Ernst von Weizsäcker, a man of liberal leanings who found himself serving Adolf Hitler as State Secretary in the German Foreign Ministry from 1938 to 1945. He then became the German Ambassador to the Vatican until the war's end.

The father was sentenced to five years' imprisonment at the Nürnberg trials, a decision which Winston Churchill is later said to have called a grievous error. It is this family background and the son's experience as a lieutenant on the Eastern Front which formed Richard von Weizsäcker.

When U.S. Vice President George Bush came to West Berlin earlier this year and made a few hawkish speeches on relations between Washington and Moscow, Herr von Weizsäcker said the West should not blame the Soviet Union for representing its interests in as "tough and skilful" a way as possible.

The West, he said, must seek an agreement "without provocation" at the Geneva missile negotiations, adding the more balanced the ratio and the fewer missiles that remain the "better for the protection of peace."

Richard von Weizsäcker, Mayor of West Berlin: restructuring of economy the main priority.

This was not what the vice-president had expected to hear from a conservative leader of West Berlin.

Yet the U.S. Administration is said to be extremely impressed by the role Herr von Weizsäcker played during President Reagan's visit to West Berlin last year.

At the same time, the Governing Mayor had a closer working relationship with the former Soviet Ambassador to East Germany, Mr Piotr Abrassimov, than any of his predecessors. The Ambassador regarded him as an important adviser on Ostpolitik to Chancellor Helmut Kohl.

Herr von Weizsäcker has only infrequently come in for attack by East Germany which also sets him apart from previous mayors. Unlike many CDU politicians he avoids denunciatory language when talking about East Germany. This helped bring about his unique talks earlier this month with Herr Erich Honecker, the East German leader.

The Mayor regards the restructuring of West Berlin's traditional economy, and not its relations with East Germany, as the number one problem of his government. However, he notes the economic die was cast 20 years ago, intimating that change will not come quickly.

He regards the inflexibility of the West Berlin Administration—with its overlapping of city government and borough responsibility—as a serious hurdle for companies seeking to establish subsidiaries in Berlin. Herr von Weizsäcker notes that in other Länder of West Germany, the jurisdiction of city and Land administrations is organic while in West Berlin it is artificial.

This problem, he says, is the one he has been able to make the least impact on although a reform is being worked out to bring relief.

Herr von Weizsäcker's two-pronged approach to the highly politicised "occupation" of run-down tenement buildings by squatters has won him a good deal of sympathy from most Berliners. By ejecting squatters with a criminal record while offering the others the chance to legalise their stay with a rent contract he has managed to pacify a situation which could have undone him just as it did his Social Democrat predecessor, Herr Hans-Jochen Vogel, during his brief rule.

Mayor von Weizsäcker is regarded as a front runner for his party's nomination for the Presidency of West Germany next year to succeed Herr Karl Carstens. But the Mayor insists he wants to stay the course in Berlin.

If he does depart, it could well leave West Berliners with a sense of having been let down by yet another West German politician ordered to the front in Berlin who returned to greener pastures in Bonn. Before pulling out Herr von Weizsäcker, however, the CDU would have to find a successor with strong enough credentials. At the last election, in traditionally Social Democrat West Berlin, the CDU did extremely well on the basis of his popularity and not that of the party.

POLITICS TODAY

Waiting for Mr Kinnock

By Malcolm Rutherford

POLITICS is different when the House of Commons isn't sitting. The breakout from the Maze prison and the British presence in Lebanon would have had an extra dimension if Ministers had been obliged to make statements and to answer parliamentary questions. Mr Michael Foot, the outgoing leader of the Labour Party, thinks that there might have been even more protest about cruise missiles if Parliament had been there to stir it up. At any rate, without the House of Commons, a catalyst is missing.

It is the same with the party conferences, one after another. *Only at the end of the* season, and when Parliament resumes, will we begin to have a clear idea of what is happening. At present we are between the acts: the Social Democrats and the Liberals have come and gone, Labour takes the stage next week and the Tories the week after. Here, however, is an attempt at summing up the state of play so far.

In retrospect, quite the most important political event of 1983 was not so much the general election as the Darlington by-election on March 24, which led to it. If the Alliance had won that by-election, as it had so triumphantly won in Bermondsey a month before, there would almost certainly have been no general election in June.

Equally, if Labour had fared in Darlington anything like as badly as in Bermondsey, Mr Foot might very well have resigned the leadership: that is the belief of several of his senior colleagues. Mr Denis Healey would then automatically have succeeded him. In those circumstances it is again unlikely that the Tories would have called an early election. The analogy that comes to everyone's mind is Mr Bob Hawke suddenly taking over the Labor Party in Australia, and then sweeping to power.

As it happened, the Alliance collapsed in Darlington, Labour pulled out all the stops and won, but the Tories were a very good second, coming up fast at the end. For Labour it was a false dawn. For the Tories it was the signal to go.

There is no reason to believe that the volatility which existed until the general election has gone away. Indeed, the general election result was a sign of it. The Tories simply got the timing right.

The most significant political event since the general election has been the shift by Dr David Owen, *the new leader of the* Social Democrats, to a social market economy. The effects of this still reverberate round the Tory and Labour Parties. There are some Tory Ministers who think or fear that he has struck exactly the right note: "Thatcherism with a human face," others say, will be precisely what the electorate will turn to if and when the Government begins to run out of steam and popularity.

There are also Labour MPs who envy him for having made this decisive break with the past and there are some few indications that when he becomes the new leader of the Labour Party on Sunday, Mr Neil Kinnock would like to move in a similar direction. Labour has already moved a bit on policy in its statements this week.

Dr Owen thinks that his Salford speech, in which he proclaimed the new approach, was the real Bad Godesberg—the equivalent of the German Social Democrats' break with Marxism—in a way that the Limehouse Declaration, which set up the SDP, was not.

Possibly the only people who did not fully understand it were the members of the Alliance, though it is fair to add that Dr Owen was following in the footsteps of Mr Jo Grimond and Mr John Pardoe, the former Liberal economics spokesman, who went out of his way in Harrogate last week to give the SDP leader his backing.

So while Dr Owen may have made the intellectual and personal running, it is still far *from clear that he has many* troops to lead. After the Liberal Party Assembly the Alliance looks a rather less united movement than it might have been.

The first test will come on defence. In the parliamentary debate on the deployment of cruise missiles promised before the end of this year, Dr Owen hopes that he can prevail upon Mr David Steel, the *Liberal* Party leader, to persuade five or six Liberal MPs to vote in favour, including Mr Steel. But it is far from certain. Meanwhile, the gap on economic policy remains. Mr Steel's speech at Harrogate was in an entirely different language from that of the social market economy.

On the face of it, these cracks *in the Alliance ought to be the* Labour Party's blessing. Mr Kinnock's election as leader should spell rejuvenation in every way and Mr Roy Hattersley's election as deputy should make for a smoothish transition. If, by any chance, Mr Michael Meacher were to become deputy leader, there would almost certainly be some defections among Labour MPs on Sunday night. But that is unlikely, and almost nothing could be worse than the present relationship between Mr Foot and Mr Healey.

Yet behind the scenes some Labour MPs do seem to be recognising the magnitude of the party's electoral defeat and its decline over the years. It is true that Labour was in dire straits in 1959 after the Tories' *third successive electoral* victory, and then recovered in the early 1960s. But the circumstances are hardly comparable.

There was then no third grouping to speak of, no Alliance with 26 per cent of the national vote. And what is new now is a pervasive feeling that the party has few good cards left to play: preservation of the health service perhaps, *but not much else.* The best electoral ground is occupied by Mrs Thatcher and Dr Owen. In the words of Mr Peter Shore almost immediately after the general election: "Labour has lost the 1980s."

Mr Shore will stay on. Mr Healey has not yet made up his mind whether to run again for the shadow cabinet: he might speak more effectively, and more freely, from the back benches, especially on foreign affairs. There are some younger MPs who could be usefully promoted: Mr Jack Straw, for example. But it is hard to find much optimism. Even among the older guard, relatively well disposed to Mr Kinnock, there is a view that while he may be an improvement on Mr Foot, he is not quite good enough.

At Brighton next week, watch not so much the result of the leadership election, which is a foregone conclusion, as the composition of the vote. How many of the constituency parties will vote for Mr Eric Heffer, the chosen candidate of the Far Left for leader, and for Mr Meacher, his counterpart, as deputy? And how will the new Labour MPs divide?

Watch also the elections to the party's National Executive Committee on Tuesday. How far will it swing back to the Left, if at all? But watch, above all, the votes on policy and the conference mood. The test will be whether the party realises that if it does not adapt to the times, it is doomed.

Thus, if the Alliance is in some disarray and Labour in distress, the Tories ought to be happy? Not so.

The trouble with the newly-returned Tory Party is that nobody yet knows enough about it. One Minister, normally given to making accurate calculations about how the Tories will react to this or that, says that he has no idea now who would be elected leader if Mrs Thatcher were to fall under the proverbial bus.

A curious air of lassitude seems also to have come over the party, as if Dr Owen had already jumped two steps ahead or the Government really has run out of ideas. There is nervousness about the handling of the health service and uncertainty about the economy: recovery perhaps, but not much of a relief to unemployment, *and the conventional economic* indicators are no longer very helpful since they are continually being revised and may be based on a model which has ceased to be relevant. Again, politicians are not sure what is happening.

There will be a great deal at the Tory conference about law and order with Mr Leon Brittan, the new Home Secretary, seeking to establish a new regime—though if pressed, he would say, no doubt, "to build on" that set out by his predecessor, now Viscount Whitelaw. (Minimum sentences seem to have been rejected.)

Lord Whitelaw meanwhile senses a possible anti-Thatcher rebellion in the Upper House on such matters of the reform of local government, and it may be *in the House of Lords that the* Alliance, or non-modern Tory opinion, will come into its own.

Higher gossip has it, incidentally, that the new Lord Chancellor, to succeed Lord Hailsham, will be Sir Patrick Mayhew, the current Solicitor-General, and that one of the first casualties of the new administration will be Mr Peter Rees, the Chief Secretary to the Treasury, for being too relaxed about public expenditure. That kind of rumour has a habit of coming true.

There will also be more about privatisation. Jaguar now seems a certainty, hived off from British Leyland. The warship part of British Shipbuilders will follow. But of a sense of direction, or indeed of any great confidence in what is being done, there is very little sign.

The Party has a new chairman in Mr John Selwyn Gummer, who can be expected to lay into the Alliance with a vengeance. Yet even that must be a delicate exercise. For the rise of Dr Owen is itself a tribute to Mrs Thatcher. How do you attack someone who promises to do what you do, only better? In sorrow or in anger?

Maybe the pieces will fall into place when Parliament resumes and the Cabinet begins regular meetings. Not to be ruled out, however, is the possibility that the process of political realignment will take a long time yet. Labour will recover under Mr Kinnock, but not enough; the Alliance will grow only slowly. In that case, *it will take at least one more* general election before we know whether we live under a new party system—almost as long as the realignment in the 1920s and 1930s.

Lombard

Wider role for the World Bank

By Peter Montagnon in Washington

THE LONGEST faces at this week's *annual meeting of the* International Monetary Fund have not been those of hard-pressed developing country finance Ministers but of the press spokesmen for the World Bank. As usual the 800 journalists descending on Washington for this year's jamboree in the cavernous halls of the Sheraton Washington Hotel have largely ignored the World Bank (whose annual meeting this also is) to concentrate on a blow-by-blow account of the haggling over how much the IMF should borrow, and how much it should lend.

Yet perhaps we in the press have all made a serious mistake. The IMF debate has seen finance Ministers behaving like pre-programmed clockwork engines in a shunting yard, backing up and down towards a predictable compromise on IMF lending. Long before this meeting many eminent economists, including Prof Alexandre Lamfalussy of the Bank for International Settlements, have been arguing for an increased role in the debt crisis for the World Bank.

Ask a friendly central banker about this and he will reply that *the bank, like the Fund, has a* problem. It, too, must get its capital increases passed by grudging parliaments anxious to save constituent taxpayers' money. The bank itself argues that it cannot borrow more on behalf of its developing country clients simply by increasing its highly conservative one to one capital gearing ratio. This would upset its existing bond holders who have been promised that the ratio will never be changed.

But few people have asked themselves what the bank has that the Fund has not. The answer is highly revealing. Unlike the Fund, the World Bank currently has a surplus of liquidity—its liquid resources of \$13bn (£8.6bn) are more than *\$1bn above their traditional* level of 40 per cent of committed loans, unlike the Fund, the bank also has a proven expertise of borrowing in commercial markets and managing a huge portfolio of liquid investments. *Surely there must* be a way of putting this money and talent to good use.

As it happens there is. And it is one that must appeal to even the stingiest of parliamentarians because it is a free market approach to the debt crisis that does not involve the use of one cent of taxpayers' money.

Suppose the World Bank took \$1bn from its liquid resources and used the money to set up a new affiliate—an investment bank that could borrow in the money markets. At a prudent gearing ratio of nine to one the new affiliate would soon have at its disposal \$10bn to lend to those countries which are struggling from day to day simply to pay a small portion of their maturing debt.

One way the new affiliate could use its money would be to extend the maturity of the short-term debt that has crippled most of the over-extended countries in Latin America. But there is an even more enticing possibility. The World Bank's affiliate could extend large loans to the International Monetary Fund itself. This would relieve the Fund from the humiliation of persistent recourse to the coffers of the Bank for International Settlements and protect it from a radical change in its character by obviating the need for direct borrowing in private markets.

Ideas such as this would require courage and imagination to implement. But with the general view being expressed here that the debt crisis will last for the best part of a decade there is a crying need for more imagination.

It would be a pity if such ideas, once born, never got more than a brief airing because the pride of the Fund still does not allow it to work in full harmony with the bank (and vice versa) or because, after all the hassle over the *IMF's quota increases*, there was a reluctance among weary officials to confront the U.S. Congress with a concept that few of its members are in a mood to understand.

Letters to the Editor

Effective management in the Civil Service

From the Deputy General Secretary, Society of Civil and Public Servants

Sir,—Your leader writer "Management in the Civil Service" (September 28) criticises the "indiscriminate wielding of a very blunt axe to cut the service to 630,000, its smallest since the war."

The public accounts committee and other MPs concerned at the booming black economy enabled by cuts in tax staff and VAT officers would certainly agree. So would doctors, social workers and policemen faced with rocketing drug smuggling and addiction as a result of inadequate customs controls. The near-collapse of the benefits service is now widely recognised.

Although your concern about the detrimental effects of another 5 per cent across-the-board staff cut will be welcomed in many *quarters, your* assumption that effectiveness will necessarily be promoted through the financial management initiative (FMI) coupled with the "Ibbs-Rayner efficiency unit pricking and prodding," is misplaced.

The great danger of the FMI is that the delegation of responsibility for achieving cuts to middle management—DHSS local office managers for example—will allow substantial variations in volume and quality of service between offices and regions to develop. It will be very difficult for departmental management to keep track of what is being cut and where, and almost impossible for MPs, and Parliamentary watchdogs like the Treasury and civil service committee who have been so critical of blunt-axe cuts, to monitor how *services are being affected.*

Already there is evidence in the Department of Employment of management at a very low level taking power to cut standards of checking and follow-up of overpayments and redirect the career development of staff.

The fragmentation of national standards following the FMI *poses major questions about the* future of Parliamentary accountability and control over civil service performance, and about the constitutional requirement of government departments to apply the law evenly and equitably across the country.

Campbell Christie.
124-130, Southwark Street, SE1.

From Mr G. Robinson, MP

Sir,—Mr Michael Heseltine claimed, in his interview on Wednesday with Bridget Bloom, that he would be giving "very considerable scrutiny" to the research effort of his department. There will be much to scrutinise; Britain is the leading world spender on defence R & D, in terms of its share of GDP, and the MoD has the *biggest R & D budget in govern*ment, now approaching £2bn.

This super-power expenditure has only made small-scale returns in industrial earnings. The Ministry's most recent booklet, "Selling to the MoD," gives welcome encouragement to small companies wanting to compete for defence contracts with the established "fat cats." *But it ignores the important* issue raised by Sir Ieuan Maddock in his report, in February, to NEDO's electronics EDC. His proposals represented a major opportunity to put "technology transfer" into practice, but the Ministry's response has been to hold a one-day seminar!

If Mr Heseltine is serious about improving the effectiveness of his Ministry, he can do no better than give outside companies access to the "dragon's gold" of defence R & D, that has been jealously guarded for too long. We await his proposals with interest.

Geoffrey Robinson,
(Opposition Spokesman for Science and Technology),
House of Commons, SW1.

Over-reaction to unitary taxation

From Mr R. Ledingham

Sir,—The publicity surrounding the "11th-hour bid to stem U.S. unitary tax" (September 21) *is a further example of the* efficiency of the "London pressure group behind the campaign against unitary taxation," which has already achieved two objectives.

There is widespread misunderstanding of the circumstances which expose a company to unitary taxation, and the method of calculation of tax tends to be misrepresented.

An international company selling in the U.S. will only be subject to a state's taxation if it is "doing business" in that state. "Doing business" is in itself an irksome problem of definition, but in the vast majority of states it is possible to sell goods and employ sales personnel without being deemed to be "doing business."

Assuming that an international company has been negligently, unfortunately or otherwise, unable to avoid being deemed to do business in a unitary taxation state, it will be required to pay tax on a proportion of its "world earnings." In the state of California the overall proportion is determined by three equal parts: the proportion of California sales to world sales; the proportion of California payroll to world payroll; and the proportion of California property to world property. There are few examples of "greatly inflated tax bills" as a result of unitary taxation.

If unitary taxation were made in a pragmatic manner, using published accounts and a definition of property which excluded rented or hired assets, the unitary taxation system could compare favourably with the alternative: transfer price challenges which also create double taxation.

The major problems posed by unitary taxation are that the state is able to select, almost at will, a unitary or conventional tax method depending on each year's yield; and there is an unreasonable administrative burden on both the company and the state, the costs of which can far outweigh the tax levied.

If any change is to be achieved it will not be abolition. The U.S. President was elected on a platform including freedom and self-reliance of individual states. It would be better to ask the President to act against the patent injustices of any taxation system. Varied and unreasonable definitions of "doing business" abound. If a state deems a corporation to be *unitary, it should remain uni*tary. Tax assessments should be capable of preparation solely from information published in accordance with federal and foreign disclosure requirements.

The British Government should not condemn unitary taxation out of hand. With a shrinking personal tax base and public expenditure rising to meet the needs of an ageing *population*, the imbalance in our budget can only be temporarily redressed by privatisation.

R. A. Ledingham.
6, Hardwick Road, Hethe, Oxon.

Rates limitation legislation

From the Director, Home Affairs, Association of British Chambers of Commerce

Sir,—The Government's rates *limitation legislation is widely* expected to excite controversy not only from the local government lobby but on account of its wider constitutional implications.

This association is perfectly clear about the proposals to limit the rates of a small minority of councils: we welcome specific rate capping and hope it obtains maximum support *in Parliament. The* Government's proposal to take reserve powers for a general rates limitation, however, is certainly far-reaching in its constitutional implications. Further, in view of the business-like and co-operative relations which exist between most of our 86 affiliated Chambers of Commerce in the UK and most local authorities, it seems to us *to be quite unnecessary.*

Given the widespread public and business support for specific rate capping, this should face little difficulty in obtaining passage through Parliament. What we fear is that the more controversial general powers may jeopardise the passage of the Bill. If, therefore, the general provisions were to prove an obstacle, our advice to the Government would be "drop them, because we need this Bill."

David Nicholson:
212A, Shaftesbury Avenue, WC2

Exchange controls

From Mr J. Straw MP

Sir,—In his criticism of my article on exchange controls, Mr Nicholas Lewis (September 26), is correct to assert that for given levels of economic activity and interest rates in the UK, exchange controls would lead to a higher level of the pound.

But Mr Lewis misses the point. It is that with exchange controls in place, for a given level of the exchange rate, and of economic activity, we could have had—and could still have—lower interest rates in the UK.

As ever, we have something to learn from the Japanese whose financial system works to provide cheaper credit for its industry.

Jack Straw.
House of Commons, SW1.

FINANCIAL TIMES
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Friday September 30 1983

Andropov's harsh line

MR YURI ANDROPOV's derisory rejection of the latest American proposals for the Euro-missile negotiations in Geneva is disappointing but not surprising. There have always been sound technical reasons for doubting that the Soviet Union would ever agree to a balance in this category of weapons, and in propaganda terms it seems to be gaining advantages from the political ferment in western Europe.

The new element is the virulence of Mr Andropov's attack on the Reagan Administration; yet it remains uncertain whether this is simply a response in kind to the ferocious rhetoric of Mr Reagan, or a warning that Moscow has by now written off any expectation of doing business with the U.S. President.

The new American proposals do represent a real move towards the Soviet Union, by allowing a distinction between Soviet SS20 missiles within range of Europe and those stationed in the Far East. The negotiating difficulty created for the Soviet Union by its massive deployment of 378 SS 20s, each with three warheads, is that any warhead balance with the 572 planned single-warhead U.S. missiles must mean either a *major transfer* of SS 20s to the Far East, which might frustrate Soviet wooing of China, or else large-scale destruction of western-based missiles, which would be an amazing precedent for the Soviet military to accept.

Factors

Meanwhile, the Soviet Union has been gaining significant propaganda benefits from not accepting the logic of a U.S.-Soviet balance in Europe. The Social Democrat Party (SPD) in West Germany is moving rapidly towards opposition to the deployment of any new U.S. missiles. Even in France, which has hitherto seemed immune to the anti-nuclear movement, the major communist and socialist trade unions are now coming out in support of the peace activists.

These factors make it a virtual certainty that Moscow will not agree to any deal on Euro-missiles which the U.S. and its Nato allies would consider acceptable, in the few weeks of negotiations which remain before western missile deployment begins in December; the public intensity of the Andropov statement can only heighten the odds that Moscow will never agree to a Euro-missile deal, considered in isolation.

But the governments of Nato countries must start to consider more plausible responses to the Soviet propaganda offensive than have for so far been forthcoming—in particular to Moscow's argument that the SS 20s need only be balanced against the British and French strategic *nuclear system.*

Commitment

So far, Britain and France have been extremely reticent about any commitment to the *nuclear arms control process,* the French even more than the *British. Sir Geoffrey Howe, the* UK Foreign Secretary has said in New York that, if there were a substantial change in the scale of the arsenals of the super-powers, Britain might reconsider its position. The French president has said his country might participate in five-power strategic negotiations, but only on a series of conditions which are unlikely to be satisfied in any foreseeable future.

But Mr George Bush, the U.S. Vice-President, has publicly conceded that some account must be taken of the British and French systems if the two super-powers are to achieve significant reductions in their strategic arsenals. *His* unscripted remarks were no doubt *unauthorised and are certainly* unwelcome in Paris and *London; but they correspond* to a political logic which cannot be *ignored. If Britain and* France wish to undermine Mr Andropov's propaganda, and to enhance whatever chance there may be of progress in the strategic arms reduction talks, they will need to be more forthcoming about the contribution they might be prepared to make to that process.

We cannot fully interpret what lies behind the emotional violence of Mr Andropov's verbal assault on the policies of the Reagan Administration. It certainly does not augur well for any improvement in U.S.-Soviet relations in the near future. But there is no denying a degree of overlap between the *substance* of his criticisms of the militarism of present-day Washington, and those regularly expressed in Western Europe. America's European allies need to do all they can, through diplomacy, to persuade the *Administration that, in its* policy towards Moscow, anti-*communism is not enough.*

Missing content of education

BRITISH *parents urging major* restoration of selective grammar *schools would do well to remem*ber that the spread of comprehensive secondary education was not spontaneous. Nor was it given more than a strong push by successive Labour governments from the mid-1960s on its way to embracing five in every six children of eligible age. Its root was dislike among a previous generation of similar parents of the working of the selective system of secondary schooling established by the late Lord Butler's Education Act of 1944.

Lord Butler's design, which finally made secondary education fully compulsory, showed great vision. It allowed for a point argued by Kant and others for over 200 years and now supported by research at Oxford, *showing* that the ability to manage even highly complex *systems successfully has no con*nection with the ability to answer questions on how the managing is done. The point is that the mental skills assessed by academic examination questions are different in many cases from the mental skills required by difficult practical work.

To cater for children whose intelligences and interests lay in practical directions the 1944 Act proposed two new types of schools to supplement the traditional grammars. The two were technical and so-called secondary modern schools which were supposed to offer practical curricula different from the academic studies provided by the grammars.

Diluted

Selection for the different sectors was done largely by tests, at the age of 11-plus, of reasoning abilities linked with academic success. But probably because the difficulty of creating new curricula was not foreseen, the proposed alternative kinds of secondary education were not established. With few exceptions the new schools just adopted heavily diluted versions of traditional academic studies.

Parents' dislike of having their children assigned by the 11-plus to distinctly inferior copies of grammar schools was a mainspring of the change to the comprehensive structure. Its advocates argued that segrega*tion into different schools* at such an early age was unjust to the many children who are late developers. By doing away with the segregation, comprehensive schools would enable pupils' natural ability to be identified and developed at whatever age they showed it.

The effect of the change on overall educational standards cannot be judged by examination results. Gradings in the national 16- and 18-plus exams are decided primarily by the statistical device of allocating each grade to a set percentage of candidates every year no matter how many sit the exam. *While able to spot any marked* change in absolute standard *from one year to the next,* the examiners are not equipped to detect any steady drift one way or another in the course of a decade or more. If one has occurred, no one can know.

Another question which is hard to substantiate is whether comprehensives, by dint of being in general bigger than their predecessors, have bred indiscipline and disaffection. But there can be little doubt *that the new structure has not* lived up to expectations in other ways.

Practical

The title "comprehensive" merely *conceals* that most of the schools still operate as separate grammars and secondary moderns in the same collection *of buildings. Nor has* the change of structure much *altered the content of what is* taught within it. The minority *responsive to the*[illegible]*tical studies* continue to receive a fairly good academic education. The rest get at best a poor academic education. *Means of develop*ing the different mental skills required in practical work remain missing.

The condition of state schooling gives cause for concern. But it cannot be set right by a return to the old structure.

The cure depends mainly on the development of the missing practical content of the kind proposed 39 years ago—which Sir Keith Joseph, the Education Secretary, has at last started to try to achieve. He should not let himself be distracted from the attempt by campaigns for restoration of grammar schools.

The computer industry

Suddenly, the great software bonanza

Alan Cane reports on the explosive growth of the software market and its future implications

COMPUTER SOFTWARE, insubstantial as gossamer yet as powerful as poetry, is the new epicentre of the information technology earthquake.

The instructions which have to be given to any computer to make it perform any function at all have suddenly become as important—to the world outside the computer industry at any rate—as the machines themselves.

For over 30 years, the hardware—the physical machinery—has hogged the limelight. First came the mainframes, the "giant electronic brains" of popular fiction. Then the minicomputers, smaller, cheaper machines offering computing power compact enough to be tucked away in the corner of the office. And now the microcomputers, bringing with them what *Americans are calling* "compubiquity" — computers everwhere doing all things.

And bringing with them also the *seeds of the new software* revolution. As John Imlay, president of Management Science America (MSA), the largest independent software house in the U.S. puts it: "Hardware these days is simply a commodity. The software area is where the dollars and the added value lie."

The evidence for this *dramatic change of emphasis is* clear to see.

● *Just over a week ago,* IBM, the single most dominant force *in world data processing,* announced it was going into *the microcomputer software* publishing business, a new kind of computing business analogous to conventional publishing in which the publisher seeks out authors, edits the products and packages it for sale.

The significance of this move can hardly be overestimated. The way in which it was announced shook the computing world to its foundations. Not only did IBM say it would test, approve and package software developed by independent software houses and add it to its catalogue, it solicited new *software from outside vendors* for approval. "*Software vendors who have packages of* proven quality and market acceptability which they would like to offer to IBM should con*tact* the local IBM Personal Computer marketing subsidiary in their country."

● In the UK, Logica, a leading computing services company, reported profits of £3.3m on a turnover of £42m and announced it was seeking a Stock Exchange quotation—one of the first of the UK services companies to do so.

Ironically, Philip Hughes, Logica's chairman, and Len Taylor, its managing director, have long been harshly critical of the difficulties they encountered in finding money to start the company.

While still working for CEIR *(a computing services company* that became Scicon, the BP *computing services subsidiary),* Hughes trawled the City for *start-up* cash without success. Then, in California, he came across a U.S. company, Planning Research Corporation, in the Yellow Pages, rang for an interview and came away with a $50,000 line of credit. When PRC sold out its interest, it made $8m.

● Over 800 entrepreneurs crowded into the Hyatt Regency Hotel, Baltimore, Maryland, two weeks ago, to hear presentations, two every 20 minutes running in tandem, from the world's major software houses.

One British company was there among the U.S. giants, double Queen's Award-winner Micro Focus. Roger Friedberger, its group financial controller, who gave the Micro Focus presentation, said the *climate for investment in soft*ware companies had changed *markedly* over the past few years.

Mr Alfred Berkeley, a financial analyst with Alex Brown & Sons which sponsored the Baltimore seminar, said: "It is certainly easier these days to get people to put money up for software companies. I see two principal reasons. First, there is greater public awareness of the importance of software. Computers are insinuating themselves into every nook and cranny of the U.S. economy, and the people who buy them quickly come to understand the *value of good software.*

"Second, people who have *invested in companies* like MSA have made a great deal *of money. There is money* to be made in conventional business software and in specialist microcomputer software, but you have to be selective."

● The keynote address, highpoint of the U.S. National Computer Conference which is the largest hardware and software exhibition in the world, was given this year by John Imlay of MSA — the first software company chief to be so honoured.

His presentation included an address given over closed circuit television from Washington by Senator Frank Lautenberg, founder and *former chief executive officer* of Automatic Data Processing, *a major U.S. computer services* company. Lautenberg is the *first senior member of the soft*ware and services industry to be voted into the House of Representatives.

Financial figures for the industry, although they should be regarded cautiously, support the conclusion that the software business is growing explosively.

Input, a California-based consultancy which has analysed the *software business,* suggests that in the U.S. it grew by 37 per cent between 1981 and 1982 to reach revenues of almost $6bn. Input's projections suggest that the market for software products will grow by an aggregate *38 per cent in the next five* years reaching $29m in 1987.

The picture is similar—if less dramatic—in Europe. Statistics prepared by the U.S. consultancy Quantum Science Corporation for the European Computing Services Association suggest that the market for software grew by 19 per cent between 1981 and 1982 to reach $1.1bn. Growth in software between 1982 and 1987 is expected to average 17 per cent annually.

All the indicators point to a youthful and energetic high technology industry set to scale the heights. Yet software—which is simply the sets of instructions which have to be given to any computer to make it perform any function at all—is as old as computing itself.

'It took the arrival of the micro-computer to bring software into the boardroom'

What has given it this new boost? After all, Katherine Fishman's definitive book on the U.S. data processing industry *The Computer Establishment* devotes a meagre 23 pages out of 455 to what she describes as "*The Music Men: Software and* Services." And that was pub*lished in 1981. "Entrepreneurs* who supply services based on *the computer,"* she writes, "provide an invisible, untouchable commodity about which it is most difficult to be objective."

Software is of three kinds. First, systems software which controls the operations of the machine itself (deciding in a mechanical but detailed way how to move data from one part of the memory to another, or which printer to turn on).

Second, development software, which makes it easier to write programs (*special English-like* languages, *for* example, or a piece of computer software which simply records what the *programmer is doing*).

Third, applications software; *the set of programs which* actually carries out payroll calculations *or stock recording.*

In the early days, computer manufacturers provided *systems* software without charge as part of their obligation to their users. Customers wrote their *own applications software with* the manufacturer's assistance. There was no call for independent software—after all, who would *pay* for something they could get free? Furthermore, software writers were at the mercy of the hardware manufacturers who could render their *products* obsolete by making comparatively minor changes in *design of their machines.*

IBM altered all that in two dramatic moves: *first,* the launch in the mid 1960s of a range of machines *(360-series)* of standard architecture for which *software* authors could write with confidence. Second, the announcement on June 29, 1969 (the date is engraved on the hearts of the leaders of the software industry) that it was going to "unbundle"—that is, charge separately for hardware and software.

That opened the floodgates and made the fortunes of the founders of software houses like MSA, Cullinet Software, Applied Data Research, Computer Associates and a score of others who wrote software for IBM mainframes which was better, faster and cheaper than the software IBM wrote itself, or carried out functions that IBM simply could *not offer.* MSA, *for example,* made its name on business soft*ware for payroll processing,* general ledger accounting and so on.

Cincom Systems developed a piece of software called TOTAL to manage large computer files; it became the largest selling systems software package in computing history.

The advent of the minicomputer generated a whole new market in business software which would run on these smaller machines—the manufacturers of the earliest minicomputers were frequently technologists with little grasp of the needs of commercial computing.

It took the arrival of the microcomputer to bring software out of the boiler room and into the boardroom. First, the spread of professional personal computers in the office and the trend *towards computers in the home* has brought the general public *face to face* with software and its deficiencies.

Movies like *Tron* and *War Games* have reinforced this new appreciation that computers need more than electricity to make them perform.

There has also been a new *appreciation of* the critical nature of the integrity of much computer *software* — especially in the industrial and defence areas. On a simple level, a single incorrect instruction in a computer program controlling a robot could cause it to open its jaws at a critical moment, sending a workpiece or tool spinning lethally across the factory floor.

At the other extreme, a software fault in the complex of computers which supports U.S. defences can — and has — caused nuclear bombers to be scrambled to ward off a non-existent Soviet attack.

And software faults in process control systems can—and have—resulted in valves being opened when they should be closed, and vice-versa.

Software is not easy to write. At the prosaic level it simply consists of long lists of instructions which direct every operation the computer goes through.

Large computer programs contain millions of instructions and every one must be correct for the computer to function.

The trend today is towards fault-tolerant software which will accept a certain number of errors while allowing the computer to run but progress is slow. Both IBM with its new generation System /38 computer and AT&T with its Advanced Communications System (ACS) have suffered public embarrassment as a result of software delays. Size of operation is no help; there is a general rule that the more manpower you pour into a software problem, the more progress is hindered.

The problem of writing accurate software quickly remains to be solved, although many manufacturers and software houses have developed special pieces of software which can generate programs to the user's specification — forerunners of the "software factory" where computers write programs for other computers.

For the time being, however, software companies must rely *on the skills and profession*alism of human programmers to take advantage of the new market opportunities that the growth of microcomputing has generated.

These opportunities are of two sorts: those for the office, and those for the home. The hottest area in professional *microcomputer* software currently is the development of links between the personal computer on the executive's desk — which can be thought *of simply as* a very powerful and intelligent terminal — and corporate *information* held in the company's data centre.

Companies like MSA and Cullinet Software have already developed software of this kind. With the acceleration of the trend towards computers on executives' desks for their own personal use, the market for this kind of sophisticated and powerful software can only grow.

But as Mr Imlay put it in his address to the NCC: "The electronic home will become the major battleground in the information technology revolution."

The new target is the "pro*fessional family,*" where either or both parents use a computer at work and have a fairly powerful machine at home.

This idealised family may use its machine for games, but will also use it to a much greater extent in more serious ways—for education, for filing, or for keeping records of household expenses. The parents will swap data between their office machine and home computer; the children between their computers at school and the home.

The new IBM personal computer, codenamed Peanut, and expected to be launched within days, will be aimed directly at this market. It will compete with the Commodore Pet, the Acorn BBC and Electron computers, the Tandy and Apple ranges and a whole string of new computers, designed to a common specification, expected to arrive from Japan in the spring. Some of the biggest software houses in the U.S. and the UK are already developing "domestic" software for the IBM Peanut and for other *manufacturers as well.*

The FT will be publishing a survey on computer software on October 10.

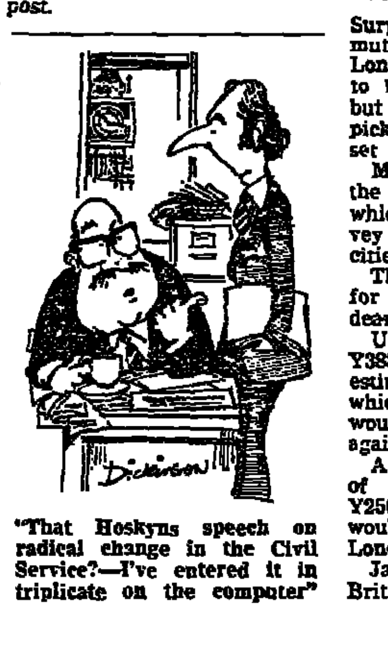
Men & Matters

McCrickard does nicely

Don McCrickard, aged 46, who is taking over as managing director of United Dominions Trust tomorrow, is being hired primarily as a top-flight marketing man. The group is anxious to broaden its base within the financial services sector and to capitalise upon its contacts list of more than 500,000 active hire *purchase* accounts — mostly for cars.

McCrickard, who succeeds Arthur Richards (who is retiring from UDT next year), cut his teeth as a financial and marketing man and was already making his name in manage*ment consultancy before he was* 30. Then he went on to help develop the European joint publishing venture of W. H. Smith and Doubleday.

Eight years ago he was appointed *chief executive* of the American Express British credit *card operations — the first* Englishman ever to hold the post.



"That Hoskyns speech on radical change in the Civil Service?—I've entered it in triplicate on the computer"

"American Express — that will do nicely" became one of the great success slogans of British TV advertising under his management. The company improved its image as being distinctly "up-market," and McCrickard — although he does not lay any claim to having thoughtup the slogan person*ally — has* had the agreeable experience of his career rising upwards upon it.

For the past four years he has been in the Amex senior management in the New York world *headquarters.*

UDT is in the top trio of British finance houses specialising in personal hire purchase *finance.* Recently it has been concluding new tie-ups with car *importers including Volvo, Fiat,* Lada and Skoda. It will be interesting to see whether McCrickard continues upon that course or whether he will put the weight of his expansion drive behind the 8,000 British motor dealers who act for UDT.

Bargain rice

Surprisingly, if you are commuting between Tokyo and London you will be well advised to buy your Scotch in Japan, but to wait until London before picking up a colour television set or a refrigerator.

My information comes from the Mitsubishi Corporation which has just produced a survey of prices in 23 major world cities.

The more bulky items needed for comfortable living are a lot dearer in London than in Japan.

Using an exchange rate of Y383.3 to the pound, the survey estimates that a two-litre car which would cost Y2m in Japan would set you back half as much again in London.

A flat with 100 square metres of floor space costs about Y250,000 a month in Tokyo, but would be priced at Y364,000 in London.

Japan also has the edge over Britain when it comes to lighting and heating bills. Mitsubishi says that the Y37,200 a month needed to keep a family of four warm in London is more than twice what it costs in Japan.

But — unexpectedly — rice, which is a staple Japanese crop, is an *outstanding* bargain in London where there is not a paddy field to be seen.

According to Mitsubishi, rice *in Tokyo is Y530 per kilo com*pared with Y368 in London.

Mighty oak

The current boom of companies coming to the Unlisted Securities Market has made many entrepreneurs into paper multimillionaires.

But none so multi as Acorn Computer founders Dr Hermann Maria Hauser and Christopher Curry. Their company has been given a minimum price tag of £135m by Lazard Brothers and Cazenove.

The two will retain almost 90 per cent of the company after it has gone public. And it doesn't take a microcomputer to work out that they will have few personal financial problems hereafter.

In fact, Dr Hauser, the 34-year-old Austrian chairman, will end up with over 53m shares compared with 43m for Curry, who is three years older. Dr Hauser explains: "My brother had a stake in the company, but I bought him out for a few pounds some years back."

A veteran of post-doctoral studies at Cambridge's Cavendish Physics Laboratory he may be. But Dr Hauser is clearly no mean businessman either.

He reckons it must be hereditary—"my father had a wine business, and he was a fearsome negotiator."

Bus protocol

THERE'S been a lot of indignation among London motorists recently because diplomats are being excused the ordeal of the dreaded yellow wheel clamp.

On legal advice the Metropolitan police have temporarily exempted vehicles belonging to diplomats from the experimental wheel clamping scheme which is being tried out in parts of central London.

But the government wants to dispel any idea that it has finally thrown in the towel in the *long* fight to prevent persistent bad parking by members of *foreign embassies.*

To show that no punches are being pulled the head of the Foreign Office protocol depart*ment has now written to heads* of foreign missions. He suggests that diplomats should make more use of public transport. May I live to see it . . .

Such notions

Anyone who struggles through this week's Inland Revenue paper on the cost of tax reliefs for pension schemes will arrive at the closing remarks on notionally unfunded schemes.

With some relief I learn that, "There would be no attempt to arrive at a notional figure for the notional tax that would be due on the notional fund's notional investment income."

I really haven't a notion of what it is all about.

Well suited

Two women were talking at a party. "Just look at that man over there" said the first one. "Have you ever seen such a badly-cut suit?"

"Actually, that is my husband," snapped the second one.

"Really, my dear?" said the first, unruffled. "On him it looks good."

Observer

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday September 30 1983

National shows earnings surge

By Louise Kehoe in San Francisco

SURGING DEMAND for semiconductor devices pushed National Semiconductor's first quarter sales up to $432.5m with net earnings of $10.9m or 41 cents per share for the quarter to September 18.

The results contrast sharply with those of a year ago when National reported first quarter sales of $350.4m but earnings of only $64,000.

Charles E. Sporck, the company president, said that National's electronic components business continued a trend towards improved operating profits which began in the fourth quarter of fiscal 1983, despite the impact of a strong dollar upon international sales.

"During the first quarter the components segment has achieved the strongest order rate in the history of the company. Increased orders have resulted in longer lead times and stronger prices," said Mr Sporck.

National plans to spend more than $200m in capital expenditures during 1984, he added. National has announced that it intends to resume construction of a large semiconductor manufacturing facility in Arlington, Texas.

The company also plans to build a 125,000 square foot research and development facility adjacent to its headquarters in Santa Clara, California, at a total cost of about $75m.

The new facility will be used to develop CMOS low-power chips which are fast becoming a major factor in the worldwide semiconductor market". Analysts believe National's CMOS process to be a technology leader.

National's mainframe computer subsidiary, National Advanced Systems (NAS), shipped its 300th computer during the first quarter, said Mr Sporck.

NAS, which is believed to have been marginally profitable in fiscal 1983, was forced to reduce prices of its IBM-compatible mainframe computers by 20 per cent last week in response to IBM's announcement of new models and price cuts on competing computer products.

Pan Am may sell subsidiary

By Our Financial Staff

PAN AMERICAN World Airways, the major U.S. airline, is considering the public sale of part of its subsidiary, Pan Am World Services.

Mr James Montgomery, president of the airport management and technical services unit, said that if the plan went ahead the share sale would only amount to a minority interest.

The subsidiary's operating revenues last year were $318m, around 8.5 per cent of Pan Am's total revenues. Pre-tax Profits were $14m while the parent suffered a net loss of $485.3m.

Pan Am World Services, which manages airports from Saudi Arabia to Westchester County in New York State, also provides services for the U.S. Government. It is negotiating with banks for a $25m credit line.

VW set to invest in Pennsylvania plant for Golf production

BY OUR FINANCIAL STAFF

VOLKSWAGEN of America (VWoA) is to spend between $200m and $250m to prepare its Westmoreland, Pennsylvania, car plant for production of the new Golf, launched in Europe earlier this month.

The new Golf will be introduced in the U.S. – where its predecessor is sold as the Rabbit – in August next year.

Initial production rate will be 470 a day, compared with the plant's capacity of 950, said Mr Noel Phillips, VWoA president.

He said the U.S. subsidiary would lose money on its domestic operations this year, but with improved gains on sales of imported cars, it would stay profitable throughout 1983.

He expected VWoA to remain profitable in 1984, in spite of the capital spending associated with the new Golf.

Mr Phillips attributed this year's return to profitability to sharply increased sales of imported Porsche and Audi cars from West Germany, an improved sales-mix, 1982's cost reductions, and the strength of the U.S. dollar.

VWoA expects to sell 180,000 Volkswagens and 65,000 Porsches and Audis in 1983, up from 170,285 and 60,361 respectively last year.

Next year's forecast for sales of 200,000 Volkswagens, and 80,000 Porsches and Audis

VWoA's loss in 1982 was $140m, which Mr Phillips said arose from a sharp fall in sales of diesel Rabbits, from 99,308 in 1981 to 37,705.

He said the company trimmed costs by a 30 per cent cut in employees – to 7,000 this year from 10,000 – and by selling its $300m idle car plant in Sterling Heights, Michigan, to Chrysler for $192m.

VWoA was continuing to talk to Chrysler about the cross supply of components such as engines and transmissions, he said.

However, discussions with Chrysler about possible joint production of small cars in the U.S. had ended.

Thomson in cable TV joint venture

BY PAUL BETTS IN PARIS

THOMSON CSF, the telecommunications and defence subsidiary of the French nationalised Thomson group, said yesterday it had reached an agreement in principle on a joint cable television and fibre optic transmission system venture with General Instrument of the U.S.

Thomson claimed the deal with General Instrument reflected the international ambitions of the recently announced reorganisation of the French telecommunications industry.

The French Government last week approved a major deal between Thomson and Compagnie Générale d'Electricité (CGE), the other large nationalised French electronics group, whereby Thomson's telecommunications interests would pass under the control of Cit-Alcatel.

Both Thomson and CGE have argued that the merger of their telecommunications assets was designed to strengthen the new merged group's position in negotiating international collaboration deals and joint ventures.

The cable television venture with General Instrument is the first such collaboration deal to be announced since the CGE-Thomson agreement.

Initially, the French company and the U.S. concern are to set up two equally owned subsidiaries in France and in the U.S. to cooperate in the technology and marketing of cable systems. The venture specifically involves General Instrument's Jerrold cable television operations and Thomson's LTT fibre optic transmission systems.

Thomson is hoping the venture will help to export its optic fibres technologies to the U.S. market. The joint venture also appears designed to strengthen Thomson's cable television product line at a time when the French group is competing for the French Government's first cable television wiring contract in France.

The initial contract involves the wiring of 400,000 homes. Thomson so far appears well placed to win the contract.

Turner may buy rival TV news network

BY GORDON CRAMB IN NEW YORK

AMERICAN Broadcasting Company (ABC) and Westinghouse were believed yesterday to be set to sell their joint venture service providing 20 hours-a-day news on cable television, to Mr Ted Turner, whose Turner Broadcasting Systems runs the only major rival news channel.

Both services have made losses since their launch in early 1982. The terms of the expected deal, put at between $25m and $30m, would provide ABC and Westinghouse with a minority stake in the merged service.

Turner Broadcasting requested a halt in over-the-counter trading of its stock yesterday, up from an overnight $24¼ bid to $26, but none of the three companies would confirm that an agreement was near.

Losses from Mr Turner's CNN Headline News are expected to reach the region of $10m this year.

W. German crackdown on building cartel

By Leslie Colitt in Berlin

THE WEST GERMAN Cartel Office has levied a record DM 54m ($20.4m) in fines against 77 West German construction companies and their managers for illegally fixing prices on public and private projects for several years.

The Cartel Office said 15 of the 77 construction companies, representing the cream of the West German industry, had been fined more than DM 1m each. The list included Dyckerhoff and Widmann, Philipp Holzmann, Bilfinger and Berger, Strabag Bau, Ed. Züblin and Hochtief.

Most of the companies have appealed against the fines, and have denied that the agreements on prices and orders were as described by the Cartel Office.

The Cartel Office, an independent arm of the West German Economics Ministry, said its case against 10 further companies is nearing completion, and that additional fines can be expected.

Herr Rudolf Nöring of the state prosecutor's office in Frankfurt where many of the companies are located, said it has evidence that the companies "artificially manipulated" prices upwards for work they did on West German waterways.

Herr Nöring said his office and the Federal Criminal Office (BKA) in Wiesbaden are pressing ahead with their investigations against the companies to try to prove "fraud detrimental to West Germany."

BKA investigators, he said, had uncovered a cartel management firm operating out of The Hague, which was subsequently searched by Dutch officials at the request of the Germans.

The documents found there reportedly showed that in October, 1978, seven German and two Dutch construction companies formed a "secret" price cartel.

The companies are said to have agreed on a "preferential system" under which each of the nine companies agreed that their bid for canal projects would be at lower than prevailing prices.

Nestlé profit 'satisfactory'

By John Wicks in Zurich.

NESTLÉ, the Swiss-based foodstuffs group, expects to earn a "satisfactory consolidated profit" this year, according to an interim report to shareholders.

The company, Switzerland's biggest, says this should be possible, despite difficult economic conditions and the severe financial problems affecting numerous developing countries.

About one third of Nestlé group sales are generally accounted for by Third World business.

Turnover has risen only very slightly this year so far, up 0.8 per cent in the first eight months to SwFr 17.8bn ($8.35bn). However, that results from the depreciation of a large number of currencies against the Swiss franc.

In local currency terms, group turnover rose 20 per cent.

TWO TOP U.S. STEEL FIRMS LOOK FOR GO AHEAD TO LINK UP

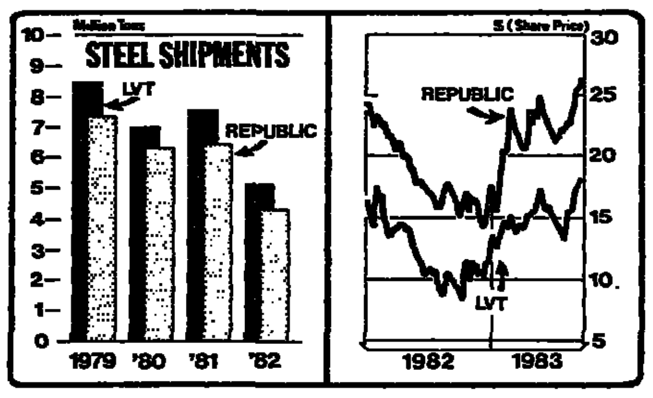
Merger mood spotlights decline

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

IT would have been almost inconceivable three years ago that the U.S.'s third and fifth largest steel companies could contemplate a merger.

The fact that LTV and Republic are now launching out on such a scheme, with a good chance of slipping it past the anti-trust authorities, gives a fair indication of how deeply the industry has been shaken by the recession.

Both companies and Wall Street clearly believe the deal is almost home and dry, although the guarded comments from the Justice Department in Washington suggest that it is by no means a foregone conclusion.



It is expected that the two companies will base their case mainly on the "failing firm" provision in the anti-trust legislation, which allows anti-competitive mergers if one of the companies is failing.

In a healthy sales environment, this argument would not be difficult to challenge, particularly since Republic, the weaker of the two, is still meeting its financial obligations.

However, in the present depressed state of the industry, the two companies can point to devastating losses, a market which is being crippled by discounts, and the need to improve their competitive position to face up to imports.

Indeed, they could argue that the merger would in the long term create a stronger competitive entity in a more buoyant market.

In the past two months, the industry has shown some signs of a pick-up, but it is still gripped by a depression which is reckoned to have imposed the severest price squeeze since the 1930s.

Capacity utilisation at the end of last year sank to only 30 per cent, and steel deliveries in 1982 fell to 61.1m tons, the lowest shipments total since 1962.

Since the beginning of this year, the industry has picked up slowly to run at between 50 and 60 per cent of capacity, but it was still lost an aggregate $1.1bn in the first half of this year.

The steel companies have been coming to grips with the recession through widespread redundancies, wage cuts and wholesale plant closure.

At the beginning of this year, the American Iron and Steel institute calculated total capacity at 151m tons, but plans have either been announced or are under way to axe about 20m tons of that.

At the same time, the companies have been desperately looking for new ways of generating profits, or just plain cash.

U.S. Steel and Wheeling-Pittsburgh with their proposals to link up with the British Steel Corporation and a Brazilian producer respectively, have been looking overseas for partners to inject investment funds, as well as supplying raw steel.

The LTV and Republic Steel deal is clearly premised upon the need for further rationalisation. Although both companies stress that no specific plans for cutting capacity, have been drawn up, they also made it clear that the merger of LTV's Jones and Laughlin steel subsidiary and Republic, affords the opportunity for "achieving economies" and "more efficient use of scarce capital."

Wall Street believes the merger will result in further plant closures and job losses, particulary in areas where the two companies' businesses overlap.

Both Jones and Laughlin Republic are major producers of flat and rolled sheet steel used in the car and appliance industries, and of drilling pipe.

One of the first rationalisations could occur in Cleveland, Ohio where Jones and Laughlin has a sheet steel mill employing 2,800 workers, but where Republic has a more modern plant. Based on 1982 shipments, when Jones and Laughlin shipped 5.1m tons of steel, and Republic shipped 4.3m tons, the new company will rank just behind U.S. Steel, the biggest U.S. steelmaker, with 16 per cent of the domestic market.

It could also emerge as a market leader in three separate market segments, steel sheet and strip, special steel bars and pipe and tubing.

Although both companies had a rough 1982 – Jones and Laughlin had an operating loss of $299m, while Republic had a net loss of $239m – they have already moved to cut costs and deficits.

Republic, for example, managed to reduce its second quarter net loss to $45.4m from $85.3m in the same period last year.

Wall Street also believes that LTV, which successfully completed the merger of Jones and Laughlin and Lykes & Youngstown sheet and steel company five years ago, will emerge stronger from the deal.

LTV is one of the most diversified U.S. steel groups with major defence and oil service industry subsidiaries.

Major turnround at East Asiatic

BY HILARY BARNES IN COPENHAGEN

THE EAST ASIATIC Company, the large Danish trading and industrial group, *cut its first half group pre*-tax loss from DKr 461m ($48.5m) in 1982 to DKr 104m this year and expects a group pre-tax profit for the year of about DKr 225m, compared with a loss last year of DKr 149m, according to a half year statement.

Continued progress is forecast in 1984 with turnover rising from just under DKr 18bn this year to just under DKr 20bn, and the company said it hopes to be able to restore the dividend on the 1984 result.

There was a DKr 107m loss in the first quarter but the group moved into the black in the second quarter *with a profit of DKr 3m.*

EAC plans to strengthen its equity base with a convertible bond issue this autumn, which will bring in DKr 382m, equal to half the value of nominal share capital. The bonds will carry a 7 per cent coupon and be priced at 105 per cent and redeemed in 1990 at 170 per cent, if not converted. The company confirmed that no dividend will be paid on 1983 earnings, which will be the third year in which the dividend has been passed.

The group's recovery is being staged against the background of *divestments which have cut the* number of subsidiaries in the group from 159 in the first half of 1982 to 127 this year. As a result, first half sales were down from DKr 11.81bn last year to DKr 8.59bn. Group employment over the past 21 months was cut from 37,777 to 29,474.

All main divisions reported an increase in gross profit margins in the first half. They rose from 13.9 per cent to 15.1 per cent as a return on sales in the trading division, from 17.6 per cent to 26.6 per cent in the industrial division, from 28.6 to 42.6 per cent in plantations and *from 26.3 to 29.0 per cent in shipping.*

The company said that, in spite of the rise in the dollar exchange rate since the beginning of this year, its objective of reducing group debt from DKr 10.3bn at the end of last year to DKr 8.5bn at the end of the current year will almost be reached. Shareholders' equity at the end of the year will be about DKr 1.1bn, slightly up on the DKr 1.01bn at the end of last year, said the half-year statement.

Swedish Bourse tightens trading rules

BY DAVID BROWN IN STOCKHOLM

THE STOCKHOLM Bourse has announced new measures to tighten control over a group of companies unofficially traded at the exchange. It is also seeking to tighten up its agreement with listed companies to extend the rules governing reporting requirements and takeovers.

The bourse is largely self-regulating, and the moves have been made during an intense public discussion over stock market procedures.

The new measures affect the 15 companies on the so-called waiting list which are traded unofficially in the corridors of the exchange. Ostensibly, these companies are waiting for official listings. They are not subject to stock exchange rules which, according to exchange officials, makes it difficult for small investors to keep abreast of important developments.

The new measures require these companies to have pending applications for admission in order to be traded at the bourse. The exchange will seek to reduce the time such a company is on the waiting list from more than a year *in some cases to* several months.

"If we limit the time," said Mr Lars Bredin exchange vice president, "we hope to be able to handle the problem."

The moves come in the context of a wider discussion over how the market regulates itself. Last week, the bourse expelled the Fagersta Steel Company and its parent the Kinnevik Investment Group, which it is seeking to acquire.

The takeover prospectus was halted because it did not provide sufficient information, and certain shareholders were said to have received advantageous terms under the bid.

This autumn, a parliamentary committee is expected to recommend legislation tightening the rules, for example, on "insider trading" and reporting requirements.

The legislation may give the bank inspectorate a greater role in regulating market activities, according to Mr Bengt Grönquist, exchange president.

The exchange is in the meantime evaluating its own rules. "I think it is possible to make improvements in the area of takeover bids to ensure that all shareholders get equal treatment," said Mr Bredin. "We could also be clearer on the reporting requirements of companies."

Both said the exchange was working on a set of ethical rules to be based on recommendations by the European Commission.

In a separate but related move, the bank inspectorate, which has jurisdiction over the counter (OTC) market formed last November, yesterday succeeded in preventing the listing of a private construction and investment firm, L.E. Lundberg, which it said was too large to qualify. Lundberg is expected to seek stock exchange admission.

Companies quoted on the waiting list and the OTC enjoy tax benefits relating to the assessment of their market value. Brokers are concerned that the attention being focused on these markets may prompt a government re-evaluation of their status.

PLM to raise $25.5m with issue

BY KEVIN DONE IN STOCKHOLM

PLM of Sweden, one of Europe's largest packaging companies, is making its first share issue for 18 years, with the aim of raising about SKr 200m ($25.5m).

It also announced yesterday that its profits, before tax and allocations in the first eight months of the year had jumped by more than 200 per cent to SKr 84m from SKr 26.9m in the corresponding period last year.

The greatly improved performance of its Swedish and Danish packaging operations boosted results.

Pre-tax profits, before extraordinary items, for the whole of 1983 are expected to at least double to SKr 125m from the SKr 67m in 1982.

The group's sales rose by 17 per cent to SKr 2.1bn in the first eight months from SKr 1.8bn a year earlier.

PLM is beginning to benefit from its far-reaching restructuring particularly in Sweden, and from capital investments in new plants.

The share issue is being made in two parts. In Sweden PLM is making a one-for-three rights issue at a price of SKr 100 per share.

It is also changing the nominal value of its shares from SKr 50 to SKr 25 per share. PLM is issuing 1.8m new shares in Sweden, and a further 200,000 shares are to be issued directly to investors in Denmark.

If shareholders approve both moves, the group's nominal equity will be raised by SKr 50m

FINANCIAL TIMES
Friday September 30 1983

Ford to suspend Sierra production in Belgium

By Paul Cheeseright in Brussels and Kenneth Gooding in London

FORD is to stop production of its Sierra car at Genk, Belgium, for the first two weeks of October. Genk is Ford's only assembly plant for the Sierra, a medium-sized saloon car, in continental Europe.

The decision reflects a weakening in the market for the Sierra. A further decision will be made at the end of October about whether the plant should go on to short-time working, Ford said yesterday.

Production of Transit vans at Genk will also be stopped for three weeks.

Ford employs 11,000 people at Genk. Of these, 7,500 will be affected by the production suspensions. The company will continue to pay them between 5 and 25 per cent of their normal wages, depending on their employment classification. Further assistance will be available from social security benefits.

Production of the Sierra at Genk started in June 1982 with an output of 50 cars a day. By the end of last year the plant was running at its capacity of 1,300 cars a day. Lately output has been 1,200 cars a day.

The Sierra has taken a 4 per cent of total European car sales and helped Ford to European market leadership so far this year.

The company said there were no plans to cut output at its two other Sierra factories – Dagenham in England and Cork in Ireland.

The Sierra fits into the intermediate part of the car market, which has shrunk throughout Europe.

Vauxhall strike to go-ahead, Page 8

OECD current deficits 'grew in second quarter'

MEMBERS OF the Organisation for Economic Co-operation and Development (OECD) recorded a combined deficit on their current accounts of \$4bn in the first quarter of 1983, the smallest deficit since mid-1979, according to the Bank of England's quarterly bulletin published yesterday. Early figures indicate that this may have increased to \$8bn in the second quarter.

Robin Pauley examines the latest Bank of England Quarterly Review, which studies *attempts to cope with the* world recession and (below) the impact of intervention by the Bank on the UK exchange markets.

In the seven major countries, the combined current account deficit fell to \$1bn in the first quarter, with improvements in the world's economic "enginerooms" – Japan and the U.S. – roughly offsetting deteriorations in France and especially in the UK.

After falling throughout 1982, the major countries export and import volumes started to recover in the first quarter. The climb out of economic recession with rising domestic activity stimulated imports in several countries, where the totals rose in spite of reduced oil imports. The UK surplus fell by \$2.8bn, wholly attributable to a widening deficit on non-oil trade.

Early figures suggest a worsening current account position in the major seven countries during the second quarter of this year. The deterioration is most marked in the U.S., where continued loss of competitiveness has hit exports while the strong domestic recovery has boosted both oil and non-oil imports.

Most economic recoveries in Britain and West Germany have stimulated imports, while export growth has faltered. Canada and Japan, on the other hand, have increased their current surpluses through higher export levels, and France narrowed its deficit against the European trend between the first and second quarters.

The smaller OECD states appear to have had a lower collective current account deficit in the first quarter than originally thought, their exports being stronger than expected as a result of the economic recoveries beginning in the major countries. Within the group there are wide variations, with surpluses in Switzerland and the Netherlands and large deficits in Australia, Portugal and Spain.

The position of the oil exporting countries has deteriorated further. Latest estimates suggest a current account deficit of \$13bn on the oil exporters' current account in 1982, after surpluses more than \$100bn in 1980 and \$58bn in 1981. The deficit widened further to an estimated \$17bn in the first quarter of 1983, with oil production by then less than 50 per cent of capacity. The Bank says, however, that this appears to have been the low point and production has since picked up as speculative destocking has ended and the U.S. recovery begun.

During the first quarter of 1983 the growth of international bank lending continued to decelerate. The small increase of \$18bn (less than half the average quarterly growth for 1982) was entirely attributable to banks in the U.S.

Outstanding loans to countries outside the Bank for International Settlements area rose by only \$1bn, compared with a rise of \$9bn in the last quarter of 1982. Claims on developed countries rose by \$300m, having grown by around \$4bn a quarter over the previous two years, and East European states continued to reduce their borrowing. Loans to Latin America rose by \$3bn, mostly drawings by Mexico and Brazil.

The difficulties of oil-exporting states were reflected in their continued run-down of banking deposits, which were reduced by a further \$8bn in the first quarter. These deposits fell from a peak \$161bn in March 1981 to \$126bn in March this year. Allowing for their increased borrowing, oil exporting countries took a net \$47bn of funds from the banks in this period, but U.S. banks supplied \$76bn of new funds to the international banking market in the same period.

Intervention shows a profit

INTERVENTION in exchange markets by central banks is intended mainly to smooth out temporary fluctuations but it has also tended to make a profit in Britain. However, substantial losses are suspected in some major countries, according to an analysis by the Bank of England.

It has sometimes been argued that the measured profitability of intervention should be one factor in assessing whether intervention has exerted a stabilising influence in exchange markets.

The Bank notes that this idea stems from the everyday proposition that speculators make money by buying a currency cheap, in order to sell dear later. This tends to equalise prices over time.

If there is a shortage of private speculation, governments might make money and stabilise the exchange rate by intervention in the exchange market, provided they have a good idea of its future path.

It turns out that profit requirements are more stringent than those for smoothing. Profitable speculation will reduce the rates variability, but that does not mean all stabilising speculation will be profitable.

The analysis highlights many difficulties, not least the problem of defining stability in terms of the exchange rate. While admitting that a constant nominal exchange rate may not provide an appropriate standard of stability, "it is not easy to identify any other against which to measure instability."

In practice, the authorities rarely have a confident view of the future exchange rate. This leads to a strategy in many countries known as "leaning into the wind." It involves buying or selling their currency, as its international value falls or rises according to the apparent size of previous movement but without totally offsetting the movement, or trying to offset persistent movement in one direction or another.

Leaning into the wind affects profitability the same as straightforward speculation does: if it is profitable it will be stabilising, but unprofitable leaning into the wind can also be stabilising.

In its profitability calculations the Bank defines intervention as the balance for official financing in the UK balance of payments. It represents the underlying change in the UK official reserves, after allowing for borrowing to support them.

The Bank's calculations cover the period from late 1977, after attempts to cap the exchange rate were abandoned, to the end of 1982.

The calculations compare the sterling cost of net acquisition of dollars by the UK authorities over a period of months, with the sterling value of those dollars at the end of the period.

Intervention during 1978, associated with support for sterling, shows a small profit by the end of 1978 at market rates. In 1979 and 1980, rebuilding reserves as the dollar fell against sterling wiped out this profit by October 1980. The dollar then regained ground against sterling, making this substantial switch into dollars look extremely profitable by the end of 1982.

In more detail, intervention to support sterling between January and October 1976 appeared to make a substantial loss of more than £400m, including interest.

However, if there had been no further dealings, and the accumulated position had been allowed to run until December 1982 and then liquidated at market rates, the loss would have been cut to £200m. Had the position run until only August 1982, there would have been a profit of about £300m.

Similarly, rebuilding reserves during the year after the October 1976 sterling crisis would have made a loss of more than £400m by October 1977. If the position had been held until December 1982, this would have become a profit of more than £600m.

Although this suggests that profits can and have been made through intervention, it also underlines the importance of the time-run.

The Bank emphasises that there are no simple conclusions, but profitability alone is unlikely to be a useful measure of the success of intervention.

IMF assured of \$6bn funds for lending

Continued from Page 1

mitted, provided the present embargo is lifted.

The central banks have privately accepted all those arguments, although some, led by West Germany's Bundesbank, are still unwilling to make any public announcement until Congress has delivered its decision on the U.S. quota increase.

Their other reason for holding back is to put pressure on the U.S. Administration to step up its contribution to the \$11bn Brazilian rescue agreed earlier this week.

Mr de Larosière has been privately assured that the industrial powers will somehow provide \$4.5bn of credits for Brazil, including a \$2bn rescheduling of export finance already agreed.

There is still some tough bargaining ahead, however, about the exact share of new credit from the U.S.

Algeria to decide on vehicle assembly plant

By Francis Ghilès in London

ALGERIA is nearing a decision on which foreign car companies will be the final bidders for what is expected to be one of the Third World's largest vehicle assembly projects.

The Algerian plan calls for the factory to be set up in Tiaret, 150 miles south-west of Algiers, to produce eventually 200,000 small and medium-size private cars and pick-up trucks per year. Such output will be needed to meet consumer demand in the second largest market for cars in Africa.

Algeria last year imported an estimated 30,000 private cars and 20,000 heavier vehicles. Official figures underestimate the real number of cars brought into the country every year as Algerian immigrants and visitors from Europe bring in as many as are officially imported. In 1981, imports of private cars, heavier vehicles and spare parts were worth \$131.9m, \$440.7m and \$571m respectively.

The Government is understood to have received bids from six major car manufacturers, including Renault, Peugeot, Fiat, Volkswagen, General Motors and a Japanese company, for a turnkey project worth an estimated \$2.5bn. It expects to announce a short-list of three bidders next month, with a final decision by the end of the year.

Entreprise Nationale de Véhicules Particuliers (ENVP), the Algerian state-owned car and light truck company, is being helped in assessing the bids by Giffels Associates, the Detroit-based designers of automotive facilities.

Algeria has no car industry of its own so far except for a heavy lorry and bus assembly plant at Rouiba, outside Algiers, which now produces 7,000 vehicles a year.

JAL confirms \$560m order with Boeing

Continued from Page 1

200 and the stretched Dash 300), two versions of the Airbus, (the A310–200 and the A300–600) and the McDonnell Douglas MD–100.

JAL said yesterday that it intends to have nine 767s in service by 1988 and is considering introducing two more each year between 1989 and 1991, for a possible total of 15. The \$560m valuation applies only to the first nine.

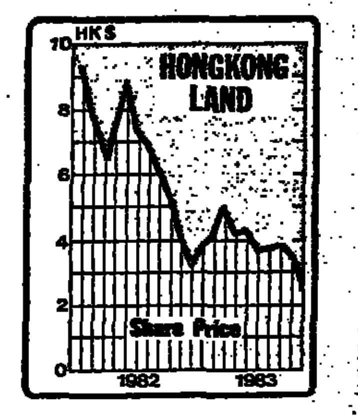
Its schedule is to have three 767–200s in service in 1986, another 767–200 and three 767–300s flying in 1987, and two more 767–200s operating in 1988 on both its domestic and shorter-range international flights.

No announcement was made yesterday as to how the aircraft purchases would be financed.

THE LEX COLUMN

Landslides in Hong Kong

Yesterday's announcement by Mr David Newbigging that he was stepping down immediately as chairman of both Hongkong Land and Jardine Matheson said as much about the condition of those once distinguished companies as the interim figures themselves.



The new management inherits an appalling mess. After making provisions of HK\$1.9bn against its joint ventures at the end of last year, Land has this time written the value of its trading projects down by HK\$429.6m. The upshot is that the company has swung from a net profit of HK\$543m to a loss of HK\$107.1m in the six months to June.

With luck, Land will not need to make revenue account provisions on anything like this scale at the next year-end. It must in any case be shooting in the dark. Many of its prime central district properties are, in the present climate, of unquantifiable value.

The most pressing problem for the new management is Land's cash flow. The total interest bill for the first six months was probably about double the HK\$381.3m charged in the revenue account and, if the recent three point rise in local interest rates sticks, the full-year figure could be close to HK\$1.6bn. Depending partly on the dividend policy of associates, that would probably exceed the group's trading revenues. The question for Land, therefore, is whether to start selling assets or to hold on and hope for the best. At a rough guess, the Exchange Square development is now worth only half the HK\$5bn Land paid for it and, even at that price, there would be very few buyers.

More straightforward disposals, for example of the HK Electric stake, might well prompt a further loss of confidence on the Hong Kong stock market. In the meantime, of course, Land's losses are murdering the revenue account of Jardine Matheson.

House of Fraser

House of Fraser's staunchest ally in the present boardroom strife seems to be the savings ratio, now at its lowest level for a decade. In the six months to July, the group's stores recorded an underlying volume increase of perhaps 7 per cent and, despite the depressing effects of the August heatwave, sales in the second half have been moving ahead even faster.

Better still, these liquidated savings are now being spent on high margin fashion items, rather than the white and brown goods which led the consumer boom last year. So, with staff cuts keeping the wage bill steady in cash terms, HoF is at last starting to make some proper profits.

The first six months saw a reverse from a loss of £1.4m to a pre-tax profit of £4.3m, excluding property items, and full-year profits of £40m on the same basis now look attainable. The refurbishment programme will soon be running off and the group's new 'Lifestyle' range is apparently catching on. HoF's management is not out of the woods yet but at least it can now draw some support from the trading performance and an appreciating share price. At 240p last night, the prospective p/e is 13, assuming a 33 per cent tax charge.

Wimpey/Laing

Longevity has been a striking feature of UK construction company bosses since the days of the great Victorian builders. It has not always been an asset in the boardroom, however. Management changes in the industry appear in some cases to be sweeping ahead now with a force which suggests they are not arriving before time. Both George Wimpey and John Laing, which reported their interim results yesterday, are beginning to show different profiles as a direct result of this phenomenon, although the operating benefits to the two companies do not look quite the same.

Hardly a week seems to have passed this year without some change to the middle or senior management at Wimpey, including a new chief executive. But it will be some time before the group recovers its old confidence. The 17 per cent gain in completed house sales disappointed the market slightly in view of the mild winter. Overseas, the group has walked away from some of its problems in Florida; but it is still losing money in Canada and will be earning less on its Hong Kong dollar business than it might have expected.

Pre-tax profits of £8.2m against £6.2m have little significance for the full year, but indications of a very strong third quarter despite the timber frame housing commotion suggest pre-tax profits could still exceed £55m.

The restructured boardroom at Laing has had rather more time to act, though it needed very little to judge by the speed of last year's surgery on the foreign operations. Pre-tax profits of £8.1m, up from £4m, are unembarrassed by either exceptional or extraordinary losses – though they ought to spare a blush for pushing about £3½m of net interest earned into trading profits.

Laing's share price has more than recovered its early 1982 advance so abruptly lost later in the year, closing last night up 4p at 147p on the back of a 25 per cent increase in the dividend. Wimpey closed down 3p at 115p.

Acorn

Acorn's short history is the stuff of which extravagantly successful market debuts are often made. The company has pushed its pre-tax profits from nothing to almost £9m in five years, based on a high-technology product – a range of micro-computers – which has captured a high-margin niche in the market place, thanks to Acorn's links with the UK educational establisment and the BBC. So it is little wonder that the minimum tender price of 120p values Acorn at more than 30 times last year's earnings.

Unfortunately for Acorn, the home-computer game has recently turned very nasty in the world's main market, the U.S., where Acorn is just beginning to sell. Price-slashing competition led the mighty Texas Instruments to lose a staggering \$183m on personal computers in the three months to June.

Acorn's market in the UK still looks set for fairly steady growth in the next year, when pre-tax profits might go as high as £15m, bringing the prospective multiple down to the high teens. But entry to the market is not expensive, a fact illustrated by Acorn's balance sheet, with assets of less than £5m before the issue, while products have a life cycle of three years at most. In the current rough conditions, it may be possible to tender successfully at prices only a few per cent above the minimum.

Kohl marches on with Schmidt's flag

Continued from Page 1

newly-elected government does not bring big changes in its first year, it is unlikely to do so later.

Not that the Government has been idle. The cries from trade unions, civil servants, students and others are proof enough of that. Net government borrowing this year has been cut from an initially likely DM 50bn to around DM 40bn (\$15bn); subsidies are rising only a little; steps have been taken to boost the building industry and encourage a modest economic upswing.

Much of that differs little from what the SPD-FDP Government under Herr Schmidt was doing, above all in the agonising budget savings operations in its last few years of power. That does not mean the government change last October was untimely. With failing health, Herr Schmidt fought growing resistance in his party to budget cuts. It is unlikely he could have continued to do so right to the end of the legislative term in 1984. He dropped the flag. Herr Kohl picked it up and kept marching.

The real *Wende* would have come if the SPD had been able to push through the big state deficit spending programmes it is now advocating still more stridently in opposition.

The same is true of foreign affairs. Herr Kohl is as firmly in support of Nato's twin-track nuclear missiles policy as Herr Schmidt ever was, but the difference is he has his party solidly behind him. By this time at the latest, Herr Schmidt would have faced a crisis within his SPD over the policy if he had stayed in power. Now the SPD seems highly likely to come out against deployment of new U.S. missiles in West Germany from the end of the year – but its vote from opposition will change nothing.

Nor has there been a new freeze in Bonn's relations with the Soviet Union and Eastern Europe despite many fears when Herr Kohl took over. Not only has the Chancellor himself pressed for a steady improvement in ties. The CSU leader Herr Franz Josef Strauss, for decades a fierce critic of the Communist East, has played a big role too.

The West German public was treated to the astonishing spectacle this summer of Herr Strauss holding friendly, high-level talks in Eastern Europe and helping arrange a DM 1bn credit for the East Germans. Here indeed was a *Wende*, and one for which Herr Strauss lost some support within his baffled party. Herr Kohl, for whom Herr Strauss has long been a rival as well as a partner, looked on benignly (as well he might) from his summer holiday resort in the Austrian mountains.

Has nothing changed between the Schmidt era and the Kohl era? Above all the style of government is different. It may seem odd with the jobless total rising and U.S. missiles probably on the way this winter, but the style has become more relaxed. That has much to do with Herr Kohl's personality. On the face of it he has a harder task than Herr Schmidt. He heads a coalition of three parties one of which, the CSU, would love to see another, the FDP, destroyed. At least Herr Schmidt had only the SPD and FDP to contend with.

But Herr Kohl conserves his energy better than Herr Schmidt: he does not have the same insatiable drive as his predecessor to master every topic from defence to international finance down to the smallest detail. In cabinet Herr Schmidt knew virtually everyone's brief well, constantly intervened and always dominated. That brought him some admiration but a lot of dislike and envy too (at international meetings also as well as in cabinet). Herr Kohl listens more, lets his ministers argue things out, finally draws a result out of the discussion instead of tending to impose one.

This is the Kohl of the "hundred flowers" and at least some of his supporters feel he keeps things on too loose a rein. They point out that during the summer, cabinet arguments turned into public slanging matches between senior members of the coalition parties. The Chancellor was far away in the Alps apparently doing nothing (actually he was swapping letters with the Soviet and American leaders though few people knew this at the time). If Herr Kohl did not impose discipline, so the argument went, he might lose his job. Herr Strauss was waiting in the wings (where he has been for a very long time indeed).

But Herr Kohl knows that every year brings its "summer theatre" in Bonn, when politicians seek to profile themselves with the help of a press otherwise short of news. The best thing a Chancellor can do is get a good rest, let the combatants fight to exhaustion then return to the capital and give a statesman-like news conference to prove who is boss. That is just what Herr Kohl did.

That did not still all criticism. Herr Kohl shows few signs of having a really creative intellect, he is a poor public speaker and clearly some people are highly allergic to his bouncy joviality. Moreover his CDU did not shine in the recent election in the state of Hesse (a result not to be overestimated since a ruling party rarely does well in the first regional polls after a general election).

The fact is that in his first year as Chancellor, Herr Kohl has made no really serious policy error. That is no mean feat in view of the big domestic and foreign policy problems he faces. It will seem hardly credible to those who have viewed Herr Kohl as a kind of provincial buffoon who slipped into power almost by chance. But Helmut Kohl always seems to have been underestimated, and that has no doubt helped him a lot in his long march to the top. He is still only 53 and could be Chancellor into the 1990's.

The West German Government warned East Germany's leader *Herr Erich Honecker yesterday* that it would be a "severe setback" to relations between Bonn and East Berlin if East Germany replaced the automatic shrapnel weapons it had begun dismantling at the border with new ones.

Herr Heinrich Windelen, Bonn's Minister for Inter-German Relations, issued the blunt warning after receiving reports from the Bavarian border police that East German frontier troops were replacing old automatic shrapnel weapons with new ones opposite the West German town of Neustadt near Coburg.

Herr Windelen said Bonn had made certain "advance contributions" – a reference to the DM 1bn Government-backed loan to East Germany by West German banks last July – and that this policy was based on reciprocity. He said Herr Honecker had told West Germany he would have the weapons removed without replacing them. Actions contrary to this, Herr Windelen noted, would amount to a "breach of promise."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	27	81	Dubrovnik	F	24	75	Malaga	F	26	79	Salzburg	S	22	72
Alicante	S	28	82	Faro	F	24	75	Malta	S	27	81	Seoul	S	21	70
Algiers	S	26	79	Florence	C	25	77	Manila	C	27	81	Singapore	R	31	88
Amsterdam	S	21	70	Frankfurt	S	22	72	Miami	R	29	84	Stockholm	S	10	50
Athens	S	26	79	Funchal	C	24	75	Milan	F	22	72	Strasbourg	S	21	70
Bahrain	S	35	95	Geneva	S	20	68	Moscow	C	6	43	Sydney	C	26	79
Bangkok	R	29	84	Gibraltar	F	25	77	Munich	–	–	–	Taipei	C	28	82
Barcelona	F	25	77	Guernsey	S	17	63	Nairobi	–	–	–	Tangier	S	29	84
Beirut	S	27	81	Helsinki	F	9	48	Naples	F	25	77	Tehran	–	–	–
Belgrade	S	22	72	H. Kong	R	26	79	New Delhi	C	34	93	Tel Aviv	S	28	82
Berlin	S	17	63	Innsbruck	S	22	72	New York	C	24	75	Tenerife	S	25	77
Biarritz	S	27	81	Inverness	C	9	48	Nice	C	24	75	Tokyo	S	22	72
Blackpool	S	18	64	Istanbul	S	23	73	Oporto	C	20	68	Toronto	S	24	75
Bordeaux	S	26	79	Jersey	S	20	68	Oslo	S	11	52	Tunis	S	26	79
Brussels	S	23	73	Jo'burg	S	30	86	Paris	S	24	75	Valencia	S	26	79
Budapest	S	22	72	Las Palmas	F	25	77	Prague	F	15	59	Venice	S	22	72
B. Aires	R	13	55	Lima	F	19	66	Reykjavik	S	4	39	Vienna	S	20	68
Cairo	S	32	90	Lisbon	F	23	73	Rio de J'o	C	28	82	Warsaw	S	15	59
Cape Town	–	–	–	Locarno	F	19	66	Rome	C	20	68	Zurich	F	17	63
Caracas	C	29	84	London	C	18	64								
Casablanca	F	24	75	Los Angeles	C	25	77								
Copenhagen	F	12	54	Luxembourg	S	20	68								
Corfu	S	27	81	Madrid	S	23	73								
Dublin	C	15	59	Majorca	F	25	77								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: David Boggis, Frankfurt/Main.

TECHNOLOGY

EDITED BY ALAN CANE

HONG KONG'S SOLUTION TO CONGESTED ROADS

How drivers will pay their way

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE PROBLEMS of peak time traffic congestion in the fast expanding cities of the developing world become more intense every year.

Many city authorities see a metro as the only salvation but few can in fact afford such a solution. Improved bus services can offer some alleviation by making public transport more attractive.

Increasingly, however, the authorities are turning to ways of making the private car journey more expensive—such as the cordon pricing system which Singapore operates in the centre at peak times—or allowing drivers to use their cars only on alternate days.

Hong Kong has invested enormous capital sums in road building and the construction of one of the most modern mass transit systems in the world. In spite of this, congestion has increased on the roads, as Hong Kong residents display an unquenchable urge to own and use cars. Big increases in vehicle licence taxes and taxation on new vehicles has failed to daunt the growth.

Six months ago, the Government decided to go ahead with a pilot scheme aimed at restricting the usage of cars rather than their ownership. The system, known as Electronic Road Pricing (ERP), appears to be particularly suitable for the tight geographical confines of the colony.

The idea of pricing road journeys selectively by electronic means has been around for some time, but it was the combination of the strides that have been made in micro-electronics and the growing congestion that led the Hong Kong Government to award a £3.4m contract to Transpotech, a subsidiary of the British Technology Group, to set up the world's first pilot scheme.

Transpotech itself has been formed to harness the export opportunities which were felt to exist within British technological know-how in planning devices related to roads, and vehicles, such as vehicle safety traffic control, etc. Much of this expertise resides in the Department of Transport and its Transport and Road Research Laboratory, hence the Government connection.

British Rail, and London Transport, operating in more discernible transport fields than roads, have consultancy wings which promote British know-how, and sometimes British products, worldwide. It has been more difficult to identify requirements relating to roads, although the demand from foreign governments, particularly in the developing world, for consultancy help from the Department of Transport, finally convinced the Government to launch Transpotech.

"We will promote Transpotech on the basis that it is Government-owned, giving us the opportunity to talk to overseas governments," says Mr John Sharpley, managing director of Transpotech. The Hong Kong pilot project is its first. Mr John Dawson, project director, has been seconded from the Department of Transport, and he is helped by two senior technical specialists.

Companies working with Transpotech include Plessey Controls, Marconi Avionics, the MVA Consultancy, and Logica. Specialist advice will also be provided by the Transport Studies Units at Oxford and Leeds Universities.

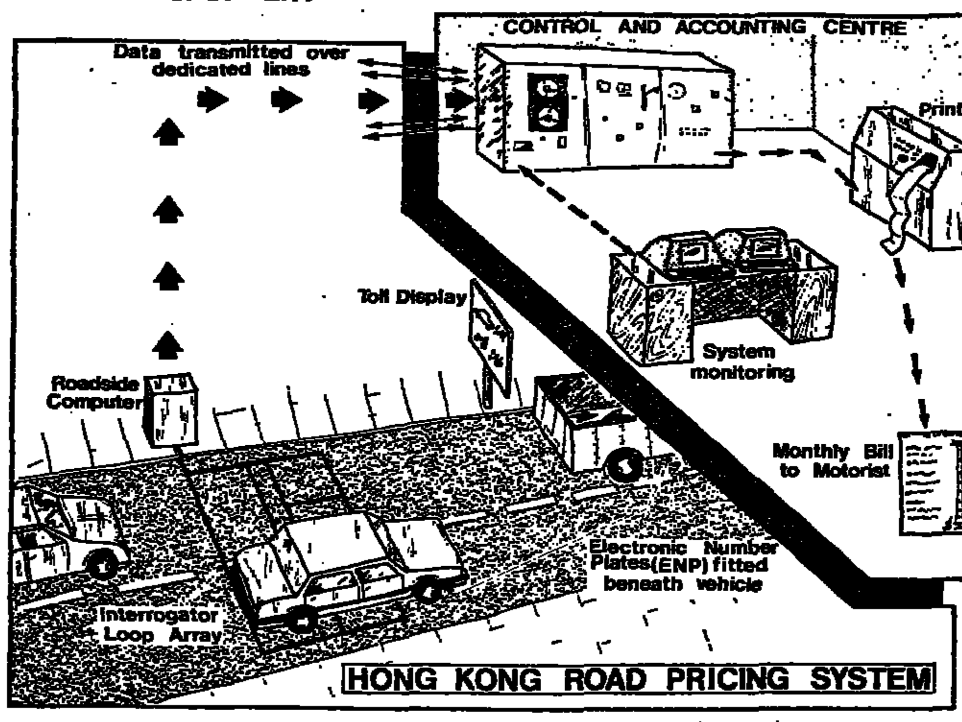
The pilot system in Hong Kong will take 21 months to set up. Some 3,000 vehicles will be fitted with an electronic version of a physical number plate, which will be a sealed unit underneath the vehicle.

Each vehicle will have an account to which units will be charged, like a telephone call, according to the location and time of day. The technology comprises a "unique package" of tried and tested components, but the challenge is to get it working reliably. This is essential if the system is to command the confidence that it is being used fairly.

Dawson describes the objective of the pilot scheme, as "demonstrating, using hard empirical evidence gained on site in Hong Kong, that the case for the transport planning benefits from a proposed design is proven in detail, that the technology has been robustly tested, that the administrative means to implement and run the system are satisfactory, and that the implications of introducing ERP are fully understood."

The fact that it would be feasible to fit all Hong Kong vehicles with electronic number plates—although it is intended initially to bill only private motor vehicles—makes the territory particularly suitable for the experiment. The cost of installing such a system in Britain, for instance, would outweigh the benefits to be derived from the lessening of congestion, at least at this stage.

Considering that it was the Western industrialised countries which introduced motor cars and congestion to the developing world, it will be fitting perhaps if the latter show the way to coping with the problems.



TECHNOLOGY SUMMIT

Australia's sad innovation record

BY COLIN CHAPMAN IN AUSTRALIA

WHILE Prime Minister Bob Hawke and most Australians have been basking in the glory of wresting the America Cup from the U.S., and while compliments have been flowing in on Ben Lexcen's brilliant design of Australia II, a much less glamorous gathering has been taking place in Canberra well away from the glare of publicity.

It is Australia's first technology summit at which leading business and financial representatives, senior bureaucrats, academics, scientists, and Government ministers have attempting to discover why Australia has almost the worst record in the industrialised world for innovation of the 24 OECD nations.

Australia ranks 22nd according to its value of per capita technology-intensive exports. Only Portugal and Greece have fared as badly. On the ratio of technology-intensive imports over exports, Australia came 23rd. Between 1965 and 1982 2,060,000 new jobs have been created in Australia but, according to Barry Jones, the Minister for Science and Technology, who carries a one-man crusade for so-called Sunrise Industries: "Not one job was created in manufacturing between 1969 and 1981; the number of large manufacturing establishments has fallen by 25 per cent."

Before setting off to congratulate thte sailing community of Perth for theeir foresight and determination — financial and otherwise — in pursuing the America Cup, Prime Minister Hawke let rip at Australian private industry, describing its efforts at commercially exploiting its good ideas as pathetic.

In some areas of pure and applied research, said Hawke, Australia compared very favourably with other OECD countries, being responsible for about 2 per cent of the world's scientific knowledge. "But," said Mr Hawke "We can only claim 0.7 per cent of the patents on which technological innovation is based, and can only count 0.3 per cent of technology-intensive exports, and 0.1 per cent of sales of technology within OECD countries."

As might be expected the summit was rich in analysis, but produced few ready answers. Both Mr Hawke and Mr Jones rejected protectionism as a palliative. "Some forms of protection against imports," said Hawke, "have dulled the entrepreneurial spirit and reduced the competitive pressures for high performance by a number of Australian manufacturers." Mr Jones commented: "We must reject all hopes of nostaglia-led or obsolescence-led recoveries."

One move to try and break down the Australian businessman's apathy towards technology is the establishment of Sirotech by the Federal Government's Commonwealth Scientific and Industrial Research Organisation. Sirotech is to be a business-orientated company to turn research into commercial products, run by those with commercial and marketing experience, and financed by both national and state governments.

But it is hard to believe that this alone will achieve very much. Unless companies in the private sector increase their own research and development effort, and reverse the trend of recent years. As Hawke told the Canberra meeting, business enterprises account for only about one-fifth of the national research and development effort, while in most advanced OECD countries, they provided for over 40 per cent of that effort.

Energy

Orkney's turbine switch-on

LAST WEEK the Earl of Avon, the Under Secretary at the Department of Energy, synchronised a 20 metre diameter wind turbine with the Orkney electrical supply grid.

This machine is the smaller brother to a larger wind turbine — the biggest in the UK — which is now under construction. The Burger Hill machine demonstrates the fact that wind power is one of the few alternative forms of energy which is still considered viable.

Built and funded by the Wind Energy Group — British Aerospace Dynamics, Taylor Woodrow Construction and GEC Energy Systems — the turbine has taken three years to design and construct.

Now the performance of the machine is to be closely monitored by the WEG under a separate contract from the Department of Energy. Its performance will help improve later models.

The 60 metre diameter machine which will be complete in 1985 is designed to generate 9m kWh a year — an output which the WEG claims is the largest annual energy output of any such wind turbine in the world. The group estimate that the rotor will turn 11m times on average each year and will produce enough electricity to serve 2,000 homes.

Packaging

Multi-layer bottles

AMERICAN Can has developed a new plastic bottle to protect oxygen sensitive foods such as tomato ketchup and pickled foods which normally have to be packaged in glass or metal. Called the "gamma" it is a multi-layer plastic container. The company says that it is testing potential applications with over 15 companies. H. J. Heinz is already marketing its tomato ketchup in the new bottle in the U.S. in Texas.

Computers

New £5m retail store

THIS MONTH what is claimed to be the largest retail computer store opened in North London. Steiger Computers, opened its "flagship" store at a cost of around £1m. It is part of a total £5m investment in a chain of 20 computer stores which will open throughout the UK over the next two years.

Behind the scheme is Mr Shiraz Virji whose stores will sell a wide range of computers costing anything between £80 and £6,000. These include makes such as Apple, Digital Equipment, Hewlett-Packard, ACT-Sirius and Commodore. More information on 01-961 6000.

Communications

Disabled aid launch by MHS

HELPMATE, an aid which enables the deaf and dumb to communicate with another person was launched at the Personal Computing exhibition at the Barbican this week.

The device is marketed by MHS, a company formed to sell in the disabled market. Helpmate is mainly designed for those in sheltered homes. It has a typewriter style keyboard and a small display. Messages are typed in and then transmitted over the telephone line to either another machine or, to a voice synthesiser. The unit cost between £150 and £400 depending on the facilities offered. More information from MHS on 01-836 6801.

INTERNATIONAL COMPANIES and FINANCE

Hongkong Land dividend passed after interim loss

BY ROBERT COTTRELL IN HONG KONG

THE HONGKONG Land Company has adopted a stop-go policy to mend its broken *finances.* Several new developments are being stopped, while portfolio investments can go to anyone bidding an attractive price. Such was the message from Mr Simon Keswick yesterday, feeling his way into power at both Hongkong Land and its associate company, Jardine Matheson. Mr Keswick becomes chairman of Jardine and HK Land next year. Next month, HK Land also gains a new chief executive, *Mr David Davies*, replacing Mr Trevor Bedford who resigned in August this year.

Mr Keswick unveiled an interim loss of HK$107.1m (US$13.1m) for HK Land, after provisions of HK$429.6m and the charging against profits of HK$181.2m of interest, which had previously *been capitalised against* developments which have now been deferred. HK Land passed its dividend, the first time executives can remember such an occurrence since the company was founded in 1889. HK Land's board said in its statement that dividends were being suspended "for the time being." It was not clear whether the company hopes to pay more than a token dividend at the year-end.

*The interim losses follow full-*year losses of HK$514m net reported by HK Land for 1982, *when it made provisions of* HK$1.9bn against large joint-venture developments which it said might be terminated.

One of those projects, a luxury housing development called Redhill, has already been abandoned. The HK$2.8bn Miramar Hotel site project, a joint-venture with the struggling Carrian group, has been deferred. HK Land is currently embroiled in a lawsuit concerning its attempt to return to Carrian a 15 per cent stake in Miramar, which would reduce HK Land's participation from 50 per cent to 35 per cent. Carrian faces liquidation unless its bankers agree to reschedule its debts.

A bright spot in HK Land's interim statement was the news that the published profits do not recognise the HK$400m extraordinary gain on the March sale of a 34 per cent interest in Hongkong Telephone Company. Mr Keswick said HK Land would also be a willing seller—at the right price—of its 34 per cent interest in Hongkong Electric Holdings, which it bought in spring last year for an estimated HK$2.5bn.

Mr Keswick noted that Hong Kong Land had deferred or cancelled *10* of the *50* development projects on its books, including Redhill and major *projects* on *the* Euston and Jewish Recreation Club sites in Hong Kong.

Also confirmed yesterday were expectations that Hong Kong Land has agreed with five local institutions an underwritten issue of HK$250m of commercial paper, to be issued on a zero-coupon basis (paying no interest, but issued at a deep discount), with maturities of one, two and three months. The issue continues the development of Hong Kong's fledgling commercial paper market, also being pioneered by the government-owned *Mass* Transit Railway Corporation.

● The Hong Kong conglomerate Jardine Matheson, principal associate of the Hongkong Land Company, reported interim net profits of HK$101m, which compares with HK$298m for the first half of 1982, and the interim dividend has been cut from 23 cents to 10 cents a share.

Mr David Newbigging, chairman, said the downturn was due mainly to equity-accounting for Jardine's 36 per cent interest in Hongkong Land. He *said it would be "unrealistic"* to forecast profits for the full year.

JMA man arrested in Fujisawa drugs case

By Yoko Shibata in Tokyo

MR SHIRO MORITA, a member of the secretariat of the Japan Medical Association—an influential medical committee associated with the Health and Welfare Ministry which is concerned with new drug evaluation—has been arrested on charges connecting him with the growing Fujisawa scandal. Several top executives and reseachers of Fujisawa, the country's third largest pharmaceutical company, have already been charged with stealing confidential data on their competitors' products.

The arrest of Mr Morita on Wednesday evening on the orders of the Tokyo District Prosecutors Office brings to 11 the number detained over the last two weeks in this case

According to those investigating the Fujisawa case, Mr Morita removed from the office of the JMA, an expert *body of doctors which reviews* the test results on new drugs, details of a new product submitted for approval by Sankyo. He is said to have given the documents to the deputy head of Fujisawa's Tokyo office, a Mr Naohiko Sasaki, who is currently also in detention.

The prosecutors office believe that the misappropriation of confidential documents from the JMA office has been going on for several years and that as many as 90 different drugs may be involved.

The stolen documents, all of which had been placed on a "secret list" by the ministry, are reviewed by the JMA at its meetings, usually once or twice a year. Afterwards they are supposed to be destroyed.

Mr Morita is one of those responsible for the convening of the JMA's meetings and the presentation to it of the confidential test papers. It is alleged by the prosecutor that he removed some of these papers and passed them on to Fujisawa and that it was these papers that were burnt in the company's office shortly *before the police raided it* last week.

The managing director of Fujisawa was arrested earlier on Wednesday charged with conspiracy to steal the documents and of ordering their *destruction once he was aware* of the police's suspicions.

CUB increases earnings by 11%

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA'S largest brewer Carlton and United Breweries (CUB), which also has 49 per cent of the diversified Elders IXL group, pushed up net earnings by 11 per cent from A$57.45m to A$63m (U.S.$57m) in the year to June 30.

The result includes its equity share of the virtually steady *A$64.3m* profit reported recently by the Elders rural financial and trading group. The underlying brewing performance is believed to have led to a 12 per cent increase in earnings to A$46m, excluding the equity share of Elders but taking in the dividend flow from its associate.

The company said it picked up market share in the year against a 2.7 per cent decline in overall national beer consumption. Sales grew by 18 per cent to A$961m and the profit was struck after tax of A$24m (A$21m), and interest charges of A$34.8m (A$28.8m) and depreciation of A$15m against A$13.2m.

CUB moved recently to emphasise its leadership of the brewing industry by acquiring the NSW brewing assets of the Tooth group for A$160m, about two-thirds funded by share placements and rights issues.

CUB has a monopoly in its home state of Victoria, about 30 per cent of the Queensland market, and now faces the task of rebuilding the market share of Tooth in NSW, which has been eroded to 35 per cent in large part by CUB with its packaged beers, particularly Fosters lager.

The addition of the refurbished Tooth brewery in Sydney gives CUB an estimated 49 per cent of the national market, with Castlemaine Tooheys, *its chief rival,* with 31 per cent.

The dividend is unchanged at 14c with a steady 8c final on capital boosted by a recent placement.

Ansett Transport payout boosts TNT returns

BY OUR SYDNEY CORRESPONDENT

THOMAS NATIONWIDE Transport, the Australian multinational freight group, yesterday reported a halving of net earnings to A$31m for its June 30 year.

However, before the bad news could begin to bite it revealed that its half-owned Ansett Transport Industries had paid a A$150m dividend to its shareholders, with just on half to go to TNT and a similar amount to its partner News Corp.

The funds for the mammoth dividend, the first paid by Ansett since Rupert Murdoch's News Corp and TNT assumed command late in 1979, in the main represents the A$188m Ansett is receiving in staged payments for the sale of its former 15 per cent shareholding in Santos, the oil and gas group. The payment of almost A$75m to both TNT and News has re-ignited rumours that TNT, with A$77m of cash already *in its highly-geared* balance sheet, will buy out the remaining Ansett holders—essentially News Corp, which earlier this year bought television interests from Ansett.

TNT, however, continue to treat *such scenarios as* speculation, given that its existing cash balanced out its short term debt at June 30 and that its shareholders funds' of A$342m—including a A$70m revaluation gain, mostly from its Ansett investment—supported A$505m of long-term debt.

The latest annual profit, including *only A$2m for the final* quarter, would argue against any quick moves with the funds.

After stripping out A$39.5m (A$58.6m) of income from dividends, interest and its equity share of associates' earnings there was an apparent A$2.7m pre-tax loss for its basic operations compared with a A$25m *profit previously.*

The basis of the underlying poor year for TNT was continuing heavy losses on its North Atlantic freight operations, where Trans Freight Lines, its U.S. subsidiary, posted losses of more than A$20m. There was also a NZ$10m loss for its half-owned Trans-Tasman operation, *Union Steamship, and in* its land based activities. Poor demand and squeezed margins from stiff competition in most areas which saw further losses in the U.S., a first time loss in NZ, steady profits from the UK activities and a poor return in Australia.

Johnson and Philips Pakistan in the red

By Mohammed Aftab in Islamabad

JOHNSON AND PHILIPS *Pakistan* incurred a small net loss of Rs235,000 (US$17,500) in 1982, compared with a pretax profit of Rs3.2m in 1981. Sales were down 5 per cent from 1981, at Rs27.3m.

The company, which is 60 per cent-owned by English Electric of the UK, blamed its setback, the first in several years of continued profitability, on the recession in Pakistan's engineering industry. Increased competition was also one of the reasons.

Steps are now being taken to improve labour productivity, streamline production facilities, and to diversify the range of its products. "We hope to overcome our difficulties during 1983," said the company.

Strong rise in turnover at Pioneer Concrete

BY OUR SYDNEY CORRESPONDENT

PIONEER CONCRETE Services, the building products group which also has petroleum and uranium interests, lifted net profit by 13 per cent to A$66.4m (US$59.8m) in the year to June 30, on turnover 29 per cent higher at A$2bn.

Before tax, earnings were ahead by 30 per cent from A$88.5m to A$114.5m, after interest charges of A$71.3m compared with A$67.6m and depreciation of A$51m against $A41.6m.

The tax charge was A$47m *compared with A$32m while* the net result included A$17.8m (A$18.6m) as its equity share of associates' earnings, and was after almost matching deductions for minority interests in its uranium interests at *Nabarlek* and its 67 per cent-owned oil refining offshoot, Ampol.

The pre-mixed concrete and quarrying operations in Australia were adversely affected by the sharp downturn in demand from the building and construction sector. Overseas returns from this sector were mixed with Italy in loss, Spain returning to the black, the U.S. improving significantly, and Hong Kong ahead; in the UK the benefits of its take-over of Mixconcrete are expected to be felt in the current year.

All returns, apart from the losses, were helped by the devaluation of the Australian dollar.

The final dividend is unchanged at 5 cents a share, maintaining the total at 100 cents a share on capital increased by a one-for-eight scrip issue last December.

UK COMPANY NEWS

Superdrug jumps 28% to £2.9m

THE PROGRESS reported by Superdrug Stores in June has continued throughout the six months to August 27 1983. Turnover for the period rose by some 24 per cent to £45.72m, against £36.93m, while pre-tax profits climbed nearly 28 per cent from £2.25m to £2.88m.

At the first quarter stage, taxable profits were ahead at £1.02m, against £0.79m, on turnover of £21.2m (£17.2m).

In view of the results for the first six months and the company's new store opening programme, the directors confidently anticipate a satisfactory outcome for the current year. For the 52 weeks ended February 26 1982, Superdrug made £5.3m profits on turnover of £81.33m.

As forecast in the February 1983 prospectus, an interim dividend of 1.4p net is being paid—shareholders representing around 40 per cent of the issued share capital intend to waive all but a nominal amount of their entitlement. A total payment of 3.5p per share has been projected for the current year.

Stated half-yearly earnings per 10p share were 4.61p (3.61p) based on the estimated tax charge or 3.95p (3.09p) on a full tax charge.

During the six months under review, the company opened 14 new branches and re-located or enlarged two existing stores. All are trading satisfactorily. It is anticipated that at least a further 13 new units will open before the end of the financial year bringng the total number of stores to 170.

Pre-tax profits at halfway included lower net interest receivable of £249,000, against £320,000. Tax charge increased from £993,000 to £1.27m leaving the attributable balance ahead £0.35m at £1.61m. The interim dividend absorbs £294,000.

● comment

Launched into a sea of new issue excitement last February, Superdrug continues to produce rapid profits growth on the back of an aggressive store opening programme and the full year should see £6.6m pre-tax with no difficulty. There will be 27 new outlets this year and the pace will be maintained for the foreseeable future. It takes a store five years to reach maturity in volume terms and even then Superdrug expects to see a trickle of growth over product inflation currently running at 3 to 3½ per cent. Gross margins have been bolstered by a higher degree of own lable products, now worth 17 per cent of sales against about 12 per cent a year ago. The upward curve in profits shows no signs of weakening and the argument for holding the shares is solid—proven management in its field, rapid physical expansion funded from cash flow and good profits prospects. That said a share price of 258p, where the fully taxed p/e is close to 30, shows such a premium to the sector that it is hard to believe the price can continue to outperform. Still those institutions who came out light on the flotation will want to build up holdings. So for a while at least there is a core of buyers to underpin the market.

Substantial rise at Finlay Packaging

THE improved sales reported by Belfast based colour printer and packaging materials maker Finlay Packaging for the first three months continued for the remainder of the first half of 1983 and resulted in substantially increased profits.

Turnover advanced from £3.41m to £5.08m and taxable profits rose by £337,000 to £609,000. Tax took £151,000 (£144,000) leaving net profits of £458,000 (£128,000) and earnings per 5p share of 5.34p (£1.49p).

The interim dividend is being lifted from 0.5p to 0.75p net, and the directors expect at least to maintain the final paid for 1982 of 1.75p. This was distributed from pre-tax profits of £593,000

Clyde Petroleum swings into profit on Buchan income

THE FIRST income from the Buchan Field in the North Sea and increased production in the U.S. and Ecuador have helped produce pre-tax profits at Clyde Petroleum of £1.68m, against losses of £1.1m last time. Turnover expanded from £12.65m to £15.88m, during the six months to June 30 1983.

Profits from oil and gas operations came to £2.39m, against losses of £106,000 previously and profits of £1.89m for the whole of 1982. Pre-tax profits were also struck after a non-operating item—profit of £1.01m on disposal of the group's holding in Saxon Oil.

The directors say the results demonstrate substantial progress in Clyde's development as a fully-fledged exploration and production company—the full year's results should reflect further growth.

Earnings per 25p share of this USM stock came to 1.7p (losses 1.9p) before extraordinary credits.

In the last full year pre-tax profits losses came to £568,000 on turnover of £31.35m. A single dividend of 0.605p was paid.

During the period the group disposed of non-oil and gas interests resulting in an extraordinary gain of £750,000—although a trading loss of £359,000 was made by these interests in the period up to the date of the disposal.

Negotiations as a member of the Dorset Bidding Group for the purchase from British Gas of an interest in the Wytch Farm Oil field have continued satisfactorily

An active exploration programme over the next two years has been helped by the award of promising acreage in the Eighth Round.

Group policy on its $30m (£20m) syndicated bank loan for the acquisition of its share in the Buchan field has been to write-off interest costs as an exceptional charge until income started from the field.

Following payout from the field in May 1983 the group included this interest in normal charges, together with interest on an $11.39m non-recourse loan from BP, which was capitalised until payout.

Net interest paid rose from £27,000 to £135,000. Profits before tax and the exceptional charge of £790,000 were struck after exploration and production expenditure written off at £438,000 (£102,000), losses on discounted operations at £359,000 (profits £421,000) and the non-operating item.

Depreciation and amortisation rose sharply from £1.7m to £5.35m.

Tax amounted to £267,000 (£276,000). At the attributable level there was a balance of £2.14m against a previous deficit of £1.3m.

● comment

The turnround at Clyde is almost entirely down to the first cash flow from Buchan, a reduction in borrowings and a £1m profit on the sale of the Saxon shares. Six weeks' offtake at Buchan produced around £833,000 before overheads, but forecasts for the current quarter cannot be made accurately because loading there is so weather sensitive. Clyde is about to announce a non-shareholder funding arrangement for its 13 per cent stake in Balmoral, which is expected to receive official development approval soon. That field contains around 70m barrels and another 100m barrels could come from the new Cowes well, quite apart from Wytch Farm's prospects. Uncertainties over Buchan means full year forecasts vary from £3.6m to £5m, which will, however, include £2m from the remainder of the Saxon stake. At yesterday's price of 127p up 2p, Clyde is a USM giant capitalised at £111m and plans to step up to a full listing in a couple of months. Meanwhile, net assets are estimated at 120p to 150p per share

Growth in volume lifts Bentalls to £0.6m midway

CONSIDERABLE growth in sales volume was experienced by Bentalls, department stores operator, in the half year to July 30 1983.

Turnover increased by 12 per cent from £22.68m to £25.4m with inflation on the goods that the company sells running at under 4 per cent. The taxable surplus for the period emerged 131 per cent higher at £552,000 compared with a depressed £239,000.

Trading profits were £645,000 against £361,000 and interest payable this time was lower at £93,000 compared with £122,000.

In view of the first half results the board is increasing the interim dividend from 0.3p to 0.35p net, but they emphasise that the rate of the final will depend upon the full year results.

For the year to January 31 1983 pre-tax profits totalled £2.11m and a 1.3p (1.2p) final dividend was paid.

The directors say that the extension of the first floor sales area at Bracknell is almost complete. They add that the full benefit of this will not be felt until next year when the link-up to the new Princess Square shopping centre is effected.

They have agreed terms to open a department store in the new Ealing Broadway centre, and expect trading will commence next autumn. Also they have submitted a revised scheme for offices and shops on the existing site to the London Borough of Ealing.

Looking to the future the directors say that after disappointing trading in August, sales in September recovered strongly and the opening weeks now show an increase in excess of 10 per cent.

They are confident that if this increase can be maintained a good result for the year will be achieved.

Net profits for the opening half were up from £137,000 to £284,000 after tax took £268,000 against £102,000. Earnings are given as 1.32p (0.57p) before taxation and 0.68p (0.32p) after. Dividend payments absorbed £145,000 (£127,000) leaving a retained surplus £20,000 higher at £147,000.

Lilleshall back in the black

AS EXPECTED a return to profits has been shown by Lilleshall Co., Telford based engineer. For the six months to June 25 1983 there was a turnround from pre-tax losses of £39,000 to profits of £3,000. Turnover was lower at £4.14m against £5.96m.

There is again no interim dividend—in the last full year a final of 1p was paid after pre-tax losses of £44,000. The directors, however, predicted a return to profits in 1983.

They now say they will give favourable consideration to the payment of a final when full year results are known.

The directors say the improvement for the six months is only modest, but point out some underlying strengths. Overhead costs have been cut, as has bank borrowing—down from £2m at December 1982 to £1.2m at June 1983—although interest payable remained high for the period. Interest costs came to £99,000 (£107,000).

Commenting on the future, the directors say that economic recovery in the UK is fragile and has not yet affected demand for the company's products and services to any marked extent, although trading conditions are more stable.

Company activities in distribution of steel and fasteners have been split into two separate profit centres—both performed satisfactorily during the period despite intense competition.

Engineering was not profitable, although improvements continue in the manufacture of fencing. Trading conditions in shotblasting and painting of steel remain difficult, but it is hoped that losses can be contained in the second half. The estates division is continuing satisfactorily.

RESULTS AND ACCOUNTS IN BRIEF

RICARDO CONSULTING ENGINEERS—Results for year to June 30 1983 reported September 7. Group fixed assets £6.11m (£5.45m). Net current assets £4.54m (£4.31m). Shareholders' funds £10.46m (£9.66m). Decrease in net liquid funds £117,000 (£498,000 increase). Increase in working capital £398,000 (£234,000 decrease). Meeting, St. Ermin's Hotel, SW, October 18, noon.

STODDARD HOLDINGS (carpet manufacturer)—Results for the year to March 31 1983 reported August 24. Net current assets £3.91m (£3.87m); fixed assets £4.04m (£5.67m); shareholders' funds £8.52m (£9.08m); increase in working capital £0.1m (decrease £4.08m). Mr Gordon D. J. Hay, chairman, says that results for the first four months of the current year were ahead of budget, and also the previous year, and provides encouragement that the group continues to move in the right direction. Meeting, Elderslie, Renfrewshire, on October 13 at noon.

NORTHERN INDUSTRIAL IMPROVEMENT TRUST (investment and property holdings)—Final dividend 6p, making same-again total of 8p net for year to March 31 1983. Investment income and net rent £306,902 (£205,266). Profit after all charges, including tax of £70,384 (£67,045), amounted to £101,324 (£105,849). Earnings per £1 share 8.3p (8.67p).

HAYNES PUBLISHING GROUP (producer of books and manuals on cars and motorcycles)—Results for the year to May 31 1983 reported September 10 with directors' observations on prospects. Increase in working capital £394,000 (£573,000). Shareholders' funds £3.17m (£2.73m). Fixed assets £1.92m (£1.7m). Net current assets £1.76m (£1.51m). Meeting, Yeovil, Somerset, on October 20 at noon.

SIDNEY C. BANKS (grain merchant and seed specialist)—Results for the year to April 30 1983 reported August 15. Shareholders' funds £7.49m (£6.83m); fixed assets £4.16m (£3.36m); net current assets £2.94m (£3.17m); decrease in net cash balances £797,000 (£99,000). Meeting: Bedford on September 29 at noon.

TELEFUSION—Results for the year to April 30 1983 and prospects reported September 16. Fixed assets £46.85m (£35.63m). Current assets £21.34m (£22.99m), current liabilities £26.57m (£26.83m). Group shareholders' funds £16.35m (£14.53m). Decrease in working capital £1.65m (£351,000 increase). Meeting: Connaught Rooms, W, October 20, noon.

FLEMING JAPANESE INVESTMENT TRUST—Results for the year to July 31 1983 reported August 22. Shareholders' funds £60.84m (£36.27m). Net current liabilities £6.23m (£8.25m assets). Cash at bank and in hand £170,452 (£8.71m). Investments £66.88m (£28.01m). Meeting, 122, Leadenhall Street, EC, on October 18 at 11.15 am.

PIRELLI UK—Results for half year to June 1983 (figures in £000): Turnover £139,164 (£117,504); Pre-tax profit £4,902 (£1,857); Interest £4,160 (£4,453); Tax £671 (£1,200).

Johannesburg Consolidated Investment Company, Limited

(Incorporated in the Republic of South Africa)

Chairman's Review by Mr. G. H. Waddell

The Annual General Meeting of the Company will be held in Johannesburg on 25 October 1983 at 12 noon

The Group fared better than I had anticipated in the year to 30 June 1983 and the profit after taxation (excluding profits on sharedealing and the sale of fixed assets) attributable to ordinary shareholders rose by 19,4 per cent to R102,1m (1982: R85,5m). Earnings per share were 1 396 cents compared with 1 181 cents in the previous year. The final dividend was increased by 50 cents to 520 cents to give a total for the year of 650 cents, an increase of 8,3 per cent on the 600 cents paid in 1982.

Dividend income rose by 9,6 per cent to R71,0m (1982: R64,8m). This net increase, despite a reduction in the dividend received from Rustenburg Platinum Holdings Limited, arose primarily from the higher dividends received from The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, from the Group's diamond interests and from the larger holding in The South African Breweries Limited. Income from fees and commissions less administration expenses rose by R2,7m to R13,7m and interest income by R8,9m to R13,0m. The latter was achieved both by the emphasis placed throughout the Group on the conservation of cash and by the advantage taken of the opportunities which presented themselves during the year as a result of the high rates of interest at the beginning of the year and the subsequent significant fluctuations which took place from time to time. In the aggregate these two sources of income rose by R11,6m or 76,8 per cent to R26,7m (1982: R15,1m). Group expenditure on exploration charged against profits was reduced to R6,8m from R9,5m. The profits attributable to the Group from Tavistock Collieries and Lennings Limited fell respectively by R1,2m to R15,7m and by R2,4m to R3,6m.

Cash receipts during the year amounted to R148,5m. These came mainly from dividends of R71,0m, from sundry revenue, fees and interest R28,2m, from net cash generated by Tavistock and Lennings of R24,0m and R14,9m respectively and from the net proceeds on disposals and acquisitions of investments R10,4m. Expenditures of R108,1m were incurred; R56,1m was paid out in dividends to ordinary and preference shareholders; a net R33,5m was spent on the acquisition of fixed and mining assets (primarily by Lennings and Tavistock); exploration expenditure including capital items amounted to R10,4m; net loans and advances, the purchase of a minority interest in a subsidiary, together with expenditure on marketable properties and prospects made up the balance. As a result the financial position of Johannies improved significantly and at 30 June 1983 the cash balance had improved by R49,4m to R57,7m from the corresponding figure of R8,3m at 30 June 1982.

Gold

The average price of gold for the year ended 30 June 1983 in dollar terms at $425 per ounce was 13,6 per cent above the comparable figure in 1982. As a consequence of a further fall in the value of the rand vis-a-vis the dollar, the average price in rand actually received by the mines was R15 228 per kilogram, an increase of 23,5 per cent on that received in 1982. The Randfontein Estates Gold Mining Company, Witwatersrand, Limited paid dividends of 1 100 cents in the year to 31 December 1982 as compared with 750 cents in 1981. In contrast Western Areas Gold Mining Company Limited's dividends were reduced to a final dividend of 10 cents compared to 40 cents in its previous year. For the six months to June 1983, Randfontein increased its interim to 400 cents (1982: 300 cents) and Western Areas resumed interim dividend payments with 10 cents. As a result, Group dividend income from gold rose by R6,3m to R17,0m and thereby provided 14,3 per cent (1982: 10,2 per cent) of the income of the Group.

During the year agreement was reached for the exploitation of the area to the north-east of Randfontein's Cooke Section now to be known as the Doornkop Section. In terms of this agreement the Doornkop Section will be worked as part of Randfontein and the owners of the mineral rights will receive, in exchange, shares in Randfontein. Johannies, as the largest holder of the rights acquired by Randfontein, will receive 532 842 shares to bring its holding up to nearly 30 per cent in the latter. Johannies will also receive the interim dividend of 400 cents on these shares. There are significant advantages for all the parties concerned in this arrangement, not least for Randfontein, through a substantial extension both of its life and use of its facilities. The present plan is to bring the Doornkop Section into production at an initial rate of 50 000 tons per month by 1987 and thereafter to increase the level of production to 300 000 tons per month to coincide with the depletion over time of tonnage available from Cooke Section and thereby to maintain production at 500 000 tons per month for much longer than would otherwise have been possible.

Both mines made considerable progress in a number of directions during the year under review. At Randfontein both Cooke 1 and Cooke 2 shafts have now reached the designed capacity of 150 000 tons per month and the Cooke gold plant has proven its ability to treat this quantum of ore. Shaft sinking at Cooke 3 was completed during February and it is anticipated that the shaft will be commissioned early in 1984 and that production will commence shortly thereafter. In the interim, further development in this area will continue from Cooke 2 shaft. At Western Areas, where the essential need remains to establish the payable ore reserve required to give the flexibility to mining operations which at present is lacking, significant advances towards that objective were achieved. Development and stoping operations from the 4E sub-vertical have reached the point where it is anticipated that the planned production will be available in 1984. Sinking and equipping of the SV3 shaft should be completed in 1984 and thereafter development will commence. The deepening of the SV2 shaft should be completed in 1986. It is hoped that in 1986 Western Areas will, as a result, have the flexibility to allow it to consider whether it should cease to sell forward a substantial proportion of its gold production.

It is very pleasing to record and much to the credit of their management that both Randfontein and Western Areas succeeded in containing their unit working costs admirably. Between the second quarters of 1982 and 1983 at the former they actually fell by 3,6 per cent and at the latter increased by 9,3 per cent. These are both well below the rate of inflation and the average increase within the industry over that period, of 10,3 per cent.

South African Breweries and Premier

It was announced on 27 May that a Consortium led equally by Johannies and Liberty Life Association of Africa Limited and including Anglo American Corporation of South Africa Limited, had acquired the controlling 52 per cent interest in the Premier Group previously held by Associated British Foods plc for R25 per share. At the same time the members of the Consortium agreed to exchange the shares held by them in South African Breweries for new shares in Premier. As a result, Premier will become the largest shareholder in South African Breweries through the acquisition of 85,4m shares or some 34 per cent of the equity of that company from the Consortium and, in return, the Consortium will receive an additional 30,2m shares in Premier. The Consortium also made an offer to acquire all the remaining shares in Premier at R25 per share which was accepted by the holders of 1,9m shares.

The end result is that Johannies, in return for the 51,7m shares in South African Breweries and the 1,01m shares in Premier previously held by it together with R9,6m in cash, will hold 35 per cent of Premier and will now, together with Liberty Life Association of Africa Limited and Anglo American Corporation of South Africa Limited, control Premier which in turn, as I have said, will be the largest shareholder in South African Breweries. The latter is a position previously enjoyed by Johannies since the formation of that company. Johannies does, of course, retain a very important interest in South African Breweries though its form is now indirect and smaller, but in the significantly larger 34 per cent held by Premier as opposed to the 21 per cent previously held directly by Johannies.

Johannies therefore now has an important position and interest primarily in the strategic food industry and to a lesser extent in pharmaceuticals and publishing in addition to the beer, beverage, hotel, manufacturing and retail interests of South African Breweries. As such, it now has both a broader and larger base for its most important industrial investment. The structure and the resources of the Consortium have placed Premier in a sounder financial position both to develop within its own sphere of business when suitable opportunities occur and of similar importance to give support, if necessary, for the South African Breweries to do the same. Despite the fact, therefore, that on the basis of the dividends declared by Premier and South African Breweries during their last financial years, Johannies' income would have fallen by 40 cents per share or 2,9 per cent, I am confident that significant benefits will accrue in time.

For the immediate future both companies are faced with very difficult trading conditions in the light of the severe drought and the current recession, but both are well placed to take advantage of recovery as soon as it occurs.

Diamonds

The dividends received from the Group's interest in the diamond industry rose by R4,8m or 41 per cent to R16,5m (1982: R11,7m) and, as a proportion of the Group's income during the year under review, to 13,8 per cent (1982: 11,1 per cent). This reflects the fact that the Group's major interests are in various unlisted diamond trading companies of the Central Selling Organisation (CSO) though the Group also holds shares in De Beers Consolidated Mines Limited. That company has announced that during the first six months of 1983 sales by the CSO increased by 33 per cent to R960m from the comparable figure of R724m in the previous six months.

Platinum

For the ten months to 30 June 1983 the net operating profits, before provisions, of Rustenburg Platinum Holdings Limited rose to R151,2m from the R85,8m earned during the twelve months to 31 August 1982. Earnings per share for the ten months were 50,6 cents as compared with 32,7 cents for the year to 31 August 1982. The interim dividend was maintained at 12,5 cents per share, but in the light of these improved results, the sound financial position of the company and growing evidence of an increasing demand, at least on Rustenburg, the final dividend was restored to the 32,5 cents per share paid in 1981. Johannies in practice receives during its financial year the previous year's final dividend from Rustenburg, together with the current year's interim. This year's results will therefore benefit from the increased final dividend. As a result, Johannies' dividend income from platinum fell during the year under review by R4,1m to R14,4m which represented 12,1 per cent of the Group's income (1982: 17,6 per cent).

Rustenburg's sales of platinum increased significantly from January 1983 as a result of the new pricing policy announced on 14 January. It remains very difficult to quantify the extent to which the increased demand on Rustenburg reflects an increase in market share for that company as opposed to a general increase in demand. It seems, however, that at least until now the major portion has arisen as a result of the decision to price competitively. Nevertheless, overall demand has increased firstly in the United States of America and more recently in Europe and the key question remains whether the economic recovery in the former can be sustained. Demand from Japan so far this year is a matter for serious concern as the imports of platinum into that country have fallen for the second year in succession. For the first seven months of the year they were 22,5 per cent and 30,0 per cent below the same periods in 1982 and 1981.

A number of developments in Europe have enhanced the chances that catalytic devices using platinum group metals will be used to control emissions from automobiles for which purpose they remain the best available means. Of particular significance is the decision of the Government of the Federal Republic of Germany to introduce legislation to make lead-free petrol available within that country from 1 January 1986 and to compel automobile manufacturers to fit convertors from that date. There are, of course, still a number of important issues to be resolved, such as the standards which will be specified and the different postures, at least at the moment, of the other countries in Europe. What is not in doubt, as the experience in the United States of America and Japan has shown, is that the use of platinum group metals in catalytic devices on automobiles does control the emissions which otherwise have a number of harmful effects both on health and on the environment.

Another market of potential significance is the sale of platinum as ingots for investment, which was initiated in North America but which will also shortly be promoted both in the United Kingdom and in Germany. The initial results in North America were encouraging though in recent months the volume has fallen significantly. Nevertheless, if the sales target for the year to 31 March 1984 is met, it will represent a significant new demand within the context of the platinum market.

Property

Johannies has over the past few years successfully developed a number of residential townships, principally in Boksburg, and during the year to 30 June 1983 it sold 418 residential stands in Dawn Park Extension 2 and 307 residential stands in Sunward Park Extension 3. The major portion of the revenues from these sales, which are substantial, is likely to accrue during the current year as the purchasers take transfer. Johannies also disposed of its interest in Downtown Real Estate Corporation and acquired the remaining one-third interest not held by it in Milpark Investments (Pty) Limited which is therefore now a wholly-owned subsidiary. Johannies is developing an 8 000 square metre shopping centre in Sunward Park which should be completed in May 1984. This development has already been sold to a major institution.

Construction has also started on the new office building directly opposite the present head office building. The estimate of the final cost of this building, exclusive of land, is R57m and loan finance of R30m has already been arranged. When complete in 1985, this 13-storey building will not only allow all who work at head office to be housed in two contiguous buildings as opposed to the present widely dispersed eight buildings, but will also provide additional space which can be let to outside parties.

In recent years the Property Division has contributed on average about R2m per annum to the Group income, but both as a result of the sales in Boksburg, to which I have already referred and recent acquisitions of additional land for development for residential and industrial use, there should be a substantially greater contribution to Group income in the current year.

Industry

It was an extremely difficult year for the profitability of South African industry in the light of the historically high interest rates which prevailed, the persistence of inflation at an unacceptable level, and the recession which commenced in the last quarter of 1981 and deepened throughout the year to 30 June 1983, nor is there as yet any sign of significant improvement. The results of the Group's industrial interests, which include Consolidated Metallurgical Industries Limited (CMI), Lennings Limited and substantial portfolio interests in The South African Breweries Limited, Argus Printing and Publishing Company Limited and Toyota South Africa Limited, were mixed. Their contribution in the aggregate to the Group's income during the year fell by R1,6m to R25,6m. That is a disappointment, but in the economic context to which I have referred, their performance as a whole and in particular that of South African Breweries and Toyota, certainly matched if not exceeded that of others.

The South African Breweries, from which the Group received the major part of its industrial income, produced creditable results. Earnings per share increased by 3,8 per cent to 78,0 cents (1982: 75,1) and ordinary dividends were increased by one cent to 35,0 cents per share. These results will be extremely difficult to match in the current year unless trading conditions improve in the second half of their year to 31 March 1984. South African Breweries is, however, well placed through its interests in beer, beverages, retailing, hotels, furniture and the manufacture of footwear, to take advantage of any recovery in personal consumption expenditure.

Toyota South Africa Limited, in which the Group now holds an interest (directly and indirectly) in excess of 25 per cent, again increased its market share during the year to 31 December 1982. Group profits after taxation, as adjusted for Lifo, fell by 50 per cent to R16,2m for that year but ordinary dividends were increased by 15 cents per share to 130 cents per share. For the six months to 30 June 1983, Toyota South Africa Limited's profit after taxation recovered to R12,2m, an increase of 28,4 per cent over the R9,5m earned in the first six months of 1982. The interim dividend was again increased on this occasion by 10 cents to 65,0 cents per share.

CMI's fortunes remained much the same as in the previous year, though, towards the end of the year to 30 June 1983 and since, the volume of its sales has picked up significantly in line with the improved demand from the stainless steel industry primarily in the United States of America and recently, to a lesser extent, from Europe and also in Japan where the level of production had been much better maintained than elsewhere. As a result, CMI continued to operate on a single stream until May when production was restored to a higher level. The price of ferrochrome, whilst it has begun to edge upwards, remains far below what is required to give an adequate return even to such an efficient producer as CMI. This, in turn, is a measure of the fact that the productive capacity both throughout the world and in South Africa remains in excess of the demands placed on it. That is still the case despite the fact that a number of producers in America, Europe and Japan have permanently closed down. The Southern African producers are better placed in strictly economic terms than most to survive but to do so they have had, at the expense of price, to place their first priority on volume, but even they will find that extremely difficult to sustain indefinitely.

The profits attributable to the Group from Lennings Limited fell again in the year to 30 June 1983 by a further 44 per cent to R3,6m. Even that overstates the trading position, as the conversion of loans from Johannies into equity reduced the interest paid by Lennings by R2,4m as compared with the previous year. If that was excluded together with the effects of the adoption by Lennings of Fifo-based accounting in the consolidation of the Group companies accounts, Lennings in fact did little more than break even after provisions made by Johannies against possible future losses.

These results are obviously a significant disappointment even though the engineering industry has been particularly badly affected by the current recession. The Lennings group has, however, now reorganised its affairs, there is an ongoing emphasis to reduce costs which has already produced significant savings and management has been both pruned and strengthened. As a result, I am confident that Lennings is now substantially better and more soundly placed to take advantage of any increase in the volume of its business when that comes and, indeed, the nadir may already have been passed.

Coal

Tavistock's contribution to Group income fell by 7,1 per cent to R15,7m (1982: R16,9m) during the year to 30 June 1983. This was the net effect of the fact that sales by the Transvaal Coal Owners' Association (TCOA), in which Tavistock has a 13,4 per cent participation, declined by 19 per cent overall, reflecting the fact that sales to the domestic and export markets fell by 21 per cent and 15 per cent respectively. Despite the drop in sales in the latter market, Tavistock's share of the rand profits on export sales distributed by the TCOA rose significantly. The latter, for reasons to which I refer later, is likely to fall considerably during the current year and that, in the absence of any unforeseen recovery in domestic sales by the TCOA, is likely to be mirrored in the results of Tavistock during the current year.

Attention must be drawn to the fact that there are a number of factors which now give cause for serious concern and will, unless checked in time, affect the future viability of the South African coal mining industry both for the domestic and export markets. Indeed, a number of these are common to the whole of extractive mining in South Africa. The first is the fact, at least in recent years, that the annual increases in the domestic coal prices have been significantly lower than the increases in working costs experienced by the industry. In fact, the last allowed price increase in April 1983 was less than half of the industry's increase in costs over the preceding year and indeed, to underline the point, over the five years to 31 December 1982 the overall increase in the domestic coal price in the aggregate has been 75,7 per cent as compared to the 101,2 per cent increase in working costs. The industry has, therefore, in the past clearly played its part in combating inflation but this is clearly not tolerable indefinitely if the return required to attract the necessary capital investment to maintain, let alone increase, production is to be forthcoming.

It is also cause for concern that over the five years to June 1983 the prices charged by the Electricity Supply Commission and the South African Transport Services to the Tavistock group for electricity and domestic coal railage have risen by 95,9 per cent and 96,4 per cent respectively. Indeed, it is a sobering fact for the extractive mining industries that, in a number of instances, the cost of railage to the coast now constitutes the largest single element of cost in deliveries to overseas customers. The result of the current charges – let alone the effect of any further increases – has been to seriously erode the competitive advantage previously enjoyed by South African producers. This has coincided at present with a significant drop in the world demand for coal due inter alia to the recession, the fall in the price of oil and the success of measures to conserve energy. As a consequence, the competition for the available business has been intense, both as between this and other exporting countries and amongst the producers here. The result has been that the export prices have fallen to the point where there is no longer the same differential between the profit margins on export and domestic sales. It is unlikely that there will be any substantial improvement in the world demand in the current year and probably for longer.

Further investigations were conducted into the feasibility of the development of an open-cast mine at Phoenix Colliery to provide coal to meet both the group's provisional phase IV export allocation and that of Total Exploration South Africa (Proprietary) Limited (TESA). In the light both of the current state of the market, to which I have already referred, and the fact that a number of important outstanding issues in regard to the creation of additional capacity for exports at Richards Bay has as yet to be resolved, no decision has at this stage been taken whether or not to proceed. Nevertheless, agreements have been entered into with TESA which envisage the possibility of additional exports of coal at the rate of some two million tons per annum as and when Tavistock and TESA feel that it is justified.

Prospects

The South African economy is passing through the worst recession it has suffered since the end of the Second World War and gross domestic product actually fell at the annual rate of 6,5 per cent in real terms in the first half of 1983. It is no comfort that South Africa could not reasonably expect to remain immune from the widespread recession experienced at least until recently throughout the Free World, but in our case there are two additional dimensions for grave concern. The first is the very severe drought, the effects of which have yet to be fully felt and the second is that any recession here strikes hardest at those who live in the rural part of our dual economy and, of course, on this occasion the drought has compounded that, so that in may parts of the country both their livelihood and means of subsistence have been destroyed.

To add to this dismal picture, inflation has continued at an unacceptable level and considerably in excess of the rates prevailing amongst our most important trading partners. I have already referred to the serious impairment of our competitive position due to the increased charges that have to be borne for electricity and railage, but the problem is much more widespread and, at least until now, apparently more intractable than that. Be that as it may, unless it is now tackled with the determination displayed, for example, by the governments of the United States of America and the United Kingdom and similar success achieved, it will not even be possible to hold the current exchange value of the rand. It has to be accepted that there is no painless solution since there is no reasonable hope that inflation can be brought under control here or indeed anywhere else if interest rates for one reason or another, understandable or not, are kept lower than market forces would otherwise dictate. Unfortunately, that remains the case here and explains why the monetary policy preached has not met with the success that might otherwise have been achieved. It is no coincidence, therefore, that the level of personal savings is now a critical issue since what is required is that lenders should receive a real rate of interest acceptable to them as payment both for the sacrifice of foregoing consumption and for taking the risk of a further decline in the purchasing power of the rand. In the continued absence of an acceptable real rate of interest there will inevitably remain a propensity to spend rather than to save – to borrow rather than to lend – and it is an illusion that this produces greater real growth and creates employment in the longer term. On the contrary, the opposite is more likely to prove true. Indeed, if the internal purchasing value of the rand continues to fall then the only hope of maintaining the external exchange value of the rand would then rest in the price of gold, but even if that was to rise substantially – and the current economic performance of the United States of America gives less reason than in the past to expect that to happen, at least in the immediate future – it is, as I pointed out last year, at best a mixed blessing.

There are, however, some encouraging pointers to a brighter future: the current account of the balance of payments has swung from running at a seasonally adjusted annual rate of deficit of R7 072m in the first quarter of 1982 to annual rates of surplus of R1 670m and R1 790m in the first and second quarters of 1983; that an economic recovery has started in the United States of America and is beginning to spill over into Western Europe and Japan is no longer in doubt, and the debate is now centred on whether the momentum of that recovery can be sustained and thereby provide the stimulus needed to draw South Africa out of its recession. Certainly the volume of some of our exports has already increased, though in many instances the prices have not as yet followed.

It is also unfortunately true of the dual nature of our economy that we have, I suspect, a dangerously high level of unemployment amongst the unskilled in recession and insufficient skilled labour in times of growth. These shortcomings have adverse effects on both Black and White South Africans and both have their origins in the low standard of the education provided for Black people in the past. This in turn has much to do with the nature of the political dispensation. It is therefore easy to recognise the need for constitutional change in South Africa. We can however no longer afford to be profligate with time; if we are to achieve lasting political stability and rising standards of living for all, we must have government which enjoys the support of the majority of all those whom it governs. That in turn means that we need to include Black South Africans in any new constitutional dispensation. To do otherwise is to advance the principle of minority government, and history has shown the direction in which minority governments tend to move.

If the momentum of the economic recovery within the United States of America and the other developed industrial economies of the Free World is sustained, and if we have normal rains then in time, albeit unfortunately not immediately, we can expect our own economy to climb out of its present recession. Within that context and unless there are unforeseen setbacks, the Group overall is reasonably placed for its current year.

Directorate

Mr. P. A. von Wielligh retired from the Board on 10 February 1983. He had worked for the Group since July 1936 and had been a director of Johannies since February 1974. Mr. von Wielligh had therefore been associated with and made a significant contribution to almost every facet of the Group's affairs and I and indeed everyone would like to place on record our gratitude to him. I would also like to express my gratitude to Mr. H. Dalton-Brown, who retired from the Board on 9 May 1983. Mr Dalton-Brown was responsible for our base metal interests through a most difficult period.

I am delighted to welcome Mr. J. M. Kahn, the Group Managing Director of South African Breweries, who joined the Board on 25 August 1983, and I am sure that he will make a significant contribution to the conduct of our affairs.

Johannesburg
27 September 1983

Copies of the Report and Accounts are available from the London Secretaries: Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XE.

UK COMPANY NEWS

Battling with Lonrho cost Fraser £3m

Lonrho's battle for influence over the affairs of House of Fraser, the Harrods stores group, has cost Fraser £3m over the years, Fraser said yesterday.

The estimated costs of extraordinary meetings in May and June this year, which were convened to deal with Lonrho's call for a demerger of Harrods, had cost £835,00. The figures emerged as Fraser announced a sharp recovery in its first half trading to end-July 1983.

At the pre-tax level the group returned profits of £4.59m, which compares with losses of £387,000 for the same period last year.

And, reflecting a degree of optimism regarding the full year outcome, the directors are raising the interim dividend by 25 per cent to 2.5p net per 25p share.

The directors, headed by Prof. Roland Smith, the chairman, say buoyant consumer spending over the half-year certainly contributed to higher profits, although a number of the group's major stores suffered disruptions as a consequence of the store refurbishment programme.

The directors say that the first phase of the stores refurbishment programme has been completed and the consequential profit improvement should begin to flow in the second six months.

They point out that managerially, operating expenses have been tightly controlled and the Binns and Northern Trading groups, which together control 52 stores, have been successfully merged although the full cost benefits will not become apparent until the first half of 1984.

First-half group turnover rose by £27m to £346.74m excluding VAT and profits derived from retail trading (excluding property transactions) increased by £5.5m compared with the previous year.

The pre-tax results were struck after deducting £7.74m (£6.98m) for depreciation, £4.49m (£4.69m) for interest and £50,000 (£5,000 credit) for related companies. Included was a £303,000 (£972,00) surplus on sale of properties less closure costs.

Tax accounted for £2.39m (added £201,000) to leave net profits of £2.2m, against last time's deficit of £186,000.

Earnings emerged at 1.4p (0.1p loss) per share. The rise in the interim dividend is partly to reduce disparity between payments—a final of 5.5p was paid for 1982-83.

The estimated costs of £835,000 of extraordinary meetings in May and June this year, and the investigation of Harrods demerger proposals, will be dealt with in the annual accounts as extraordinary items.

Lonrho, an international trading group, made a £226m bid for Fraser in 1981 and has since tried to force House of Fraser to float off Harrods, its main asset.

The bid attempt was blocked after the Monopolies and Mergers Commission moved that the take over would be against the public interest.

For the 1982-83 year House of Fraser pre-tax profits rose by £5.16m to £33.19m with £33.58m, against £26.18m, coming in the second six months.

See Lex

HIGHLIGHTS

Lex looks at the figures from **House of Fraser**, which has produced a profit of £4.6m against a loss of £387,000 in the six months to end July, before turning to the latest from Hong Kong where **Jardine Matheson** and **Hongkong Land** are showing the effects of a falling property market and high interest rates. Back to the UK, two majors of the construction industry reported yesterday. ***John Laing's** figures benefited* from loss elimination overseas and the pre-tax line is ahead by £4m to £8.1m in the half year while **George Whimpey** has indicated a strong house building market in September so the £2m rise to £8.2m at the half-way stage is probably little guide to the full year outcome. Finally the column considers the coming of **Acorn** to the market where the minimum price of the tender issue puts a value of £135m on the company.

George Wimpey improves to £8.2m

TURNOVER OF construction engineer, George Wimpey rose by £99m to £616m in the first half of 1983, while pre-tax profits increased from £6.2m to £8.2m.

Operating profits, including share of associates, were ahead from £13.4m to £16.1m, before charging net interest payments of £7.9m (£7.2m). After tax up from £1.2m to £2m, the att it-able balance came out ...2m higher at £6.2m.

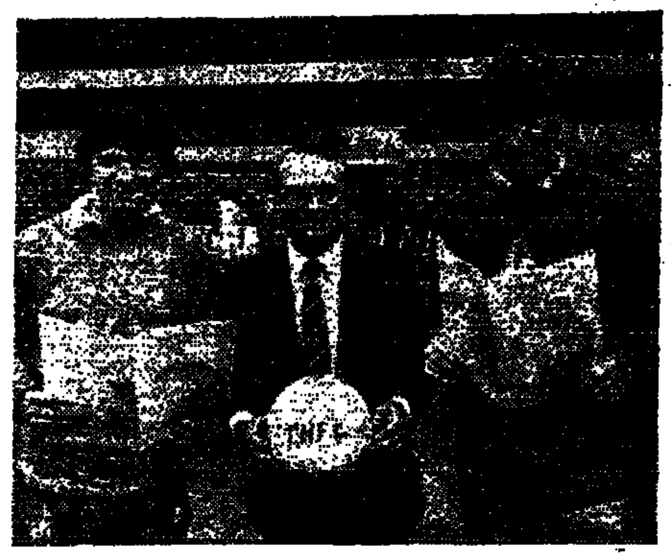
The net interim dividend is effectively raised from 0.77p to 0.85p per 25p share—last year's payments were equivalent to 2.73p after adjusting for the one-for-ten scrip issue.

Sir Reginald Smith, the chairman, says that in the UK, good progress has been made by Wimpey Homes, with the legal completion of the sale of 4,200 homes in the first six months, against 3,600 in the same period of 1982. Progress has also been made in construction, waste management and building materials.

In North America, investments in housing and land in the U.S. are making a worthwhile contribution and firm action is being taken in Canada to mitigate the difficult market conditions.

Elsewhere, important contracts have been won and the group's order book is higher than at this time last year.

See Lex



Trevor Humphries

Two of the top players with Tottenham Hotspur Football Club which is planning a full listing on the London Stock Exchange. They are Glen Hoddle (Right) and Steve Perryman, captain, with Paul Bobroff the chairman

John Laing more than doubled at £8.1m

TAXABLE profits of construction engineer, John Laing, more than doubled from £4m to £8.1m in the first half of 1983, on marginally higher turnover of £358m, compared with £353m.

The board says the group is making good progress towards achieving its target of profit for 1983, even though some delays continue to be experienced in receiving payments for work done.

The net interim dividend is stepped up from 1p to 1.25p per 25p share—last year's final was 1.875p.

For the last full year, Laing made a profit of £1.4m, which was after charging exceptional items of £13.3m. These comprised losses of £4.8m arising on the possible non-recovery of contractual debts and £8.5m on discontinued construction activities.

The board reports that the liquidity of the group has continued to increase and has been enhanced by the sale of Thermalite.

The tax charge increased from £2.1m to £4.2m leaving the mid-year net balance £2m higher at £3.9m.

See Lex

Grattan expects profits in second half

AS FORECAST at the June AGM mail order group Grattan incurred a loss for the six months to July 31 1983 but as a result of cost savings and improved efficiency the group is expecting to trade profitably in the second half and break-even for the full year.

However, in view of the loss the interim dividend is being omitted—last year 1p was paid but the final was also passed.

The first half deficit amounted to £864,000 pre-tax, and compares with profits of £1m for the same period last year and losses of £2.12m in the second *half*.

Sales were marginally lower at £102.05m, compared with £103.22m, including VAT, and at the trading level the group was £811,000 (£2.45m) in profit before deducting interest charges of £1.68m, against £1.45m.

The directors say that demand from the Autumn/Winter catalogues shows an increase over last year and add that this trend has resulted in both the group's agency and direct businesses showing an increase in turnover.

During the opening half further extraordinary costs (£500,000) were provided to cover the costs of closing the agency office in Bradford. No further extraordinary costs are anticipated in the second half—the cost of closing the Rotherham office was provided for in last year's accounts.

The transfer of these operations to the Hull and Leicester offices has been successfully completed.

The group's telephone ordering system is now fully available to Grattan agents, as well as Look Again and You and Yours customers. The directors say that judging by the weekly increase in the numbers of telephone orders received they are confident that this additional service "is a significant benefit to our agents and customers."

Grattan has purchased Kaleidoscope, a direct mail catalogue operating on a cash with order basis. It has issued its first catalogue which is being operated within its existing systems and which complement its main activity.

Group bank borrowings are marginally down on last year's figures, partly due to improved control of stock levels. Interest charges in the second half of the year are expected to be lower than the same period last year (£1.64m).

Loss per 25p share for the first half emerged at 1.94p (1.41p earnings).

● comment

If the mail order sector is on the point of recovery Grattan might be the way to the highest reward. Equally it is probably the route of highest risk. Its problems are the basic difficulties of the sector as a whole. The recession has hurt the traditional customer base far more than most other segments of the retail world. For Grattan the pain of adjustment has been compounded by its relatively small size. Little wonder the management was attracted to Sears' earlier attempts to forge *a new force in the industry. But* that has gone by the board and Grattan's management must stand on its own. The work force has been halved in two years, stocks have been chopped by £7m since the beginning of this year, there has been a move into direct mail order, and modernised systems have been introduced. Getting the cost base down is one thing but what the company desperately needs is some real growth in sales. The confidence over a second half upturn is based on an average increase in sales of 10 per cent on 5 per cent fewer agents. The recovery looks *fragile and any reversal could* quickly put the trading account back into the red. At 40p, the market capitalisation has more than halved this year to under £18m and is less than half the company's book net asset value.

Brooke Tool on course

RESULTS OF Brooke Tool Engineering (Holdings) for the nine months to June 30 1983 show that the group is on course to make pre-tax profits in the region of £500,000 for the full year, as forecast last February at the time of the capital reconstruction.

Taxable profits for the nine months came out at £386,000, on turnover of £6.36m. For the previous 12 months ended September 30 1982, the respective figures were £353,000 and £8.44m.

The pre-tax figure was struck after share of associates' losses of £6,600 (£22,800 for year) and interest charges of £170,800 (£304,600). There was a tax credit of £10,000 (£5,500 charge) and after minorities, net profits came out at £394,600 (£338,600). Extraordinary debits fell sharply from £3.93m to £382,000.

The group's unaudited balance sheet shows shareholders' funds at June 30 1983 of £1.8m, an increase of £160,000 since March 1983. As a result, the company now has adequate reserves to cover the half yearly preference dividend, which will be paid on October 15 1983.

ICI applies for New York share listing

By Carla Rapoport

Imperial Chemical Industries has applied to the New York Stock Exchange for a listing for its shares. American investors currently hold more than 7 per cent of its shares through American Depository Receipts (ADRs) which are issued through several U.S. banks.

ICI said yesterday that it had decided to sponsor its own ADR programme in response to the increased interest shown in the company by U.S. investors. These shares are expected to begin trading in New York on November 1.

The company "wants to widen the marketability of its stock." It said it honda

It said it had no immediate plans to raise money in New York. However, last June, ICI filed a $300m shelf registration in the U.S. This instrument clears the way toward raising money in the U.S. by anticipating the large amount of documentation required in a U.S. issue of debt securities.

Holders of the existing ADRs will be able to exchange these on the basis of four existing ADRs for one new ADR without cost.

ICI has been rationalising its U.S. operation over the past 12 months. The company recently announced the sale of its U.S. gulf coast oil and gas activities. The group has also been looking for suitable acquisitions in the U.S.

APV expecting to maintain £17.6m

TURNOVER of APV Holdings rose by £10.55m to £169.85m for the first six months of 1983 but at the pre-tax level profits fell back from a restated £8.08m to £7.75m.

However, as is usual in the group's business, profits in the second half are expected to be higher than those now reported and that for the year as a whole *they will be in* line with 1982's £17.59m.

Wholly to reduce disparity between payments the interim dividend is being increased by 1.7p to 4.5p net per 50p share—a final of 7.7p was paid previously.

In the group as a whole, orders received in the opening half were 8 per cent higher than last year mainly reflecting increased demand in Europe and SE Asia—the group is engaged in processing and heat transfer equipment for industry.

Recovery in the U.S. has been slow to feed through to suppliers of capital plant and, although there are *now signs of a* "modest" improvement in some sectors served by the group, its largest U.S. company, Crepaco, is still facing "very difficult conditions."

During the first half, food related activities in general did well, especially in Europe. The foundry business and other companies supplying industrial markets had a lean time, with considerable pressure on margins.

The refrigeration companies made lower profits than last year though their orders received were substantially higher, on the marine side in particular.

Pre-tax figures were struck after deducting associate losses of £49,000 (£22,000) and interest charges of £1.07m (£1.16m).

Tax was little changed at £3.41m (£3.48m) but with extraordinary debits being reduced from £606,000 to £76,000 and minorities lower at £204,000 (£297,000) available profits advanced by *£372,000 to £4.07m*.

Earnings came through at 13.4p (15p) basic and at 13p (13.5p)—comparisons have been restated.

● comment

Yesterday's 23p fall in APV's share price to 325p says it all; the market was disappointed with both the 4 per cent profits dip and the chairman's unenthusiastic forecast for the year. The problem is that the expected improvement in so many parts of the business is taking longer than expected to come through. While the food division stood up well, much of the remainder of the group looks distinctly unresponsive to the variety of remedial measures taken over the past couple of years. In the U.S. the important Crepaco business is still some*what sluggish on the home front* while its exports have still not recovered their market share after the recent unfavourable currency movements. Although there has been a good recent inflow of orders into Hall International, the former Hall-Thermotank refrigeration subsidiary, it will be some time before they are translated into hard profits. Elsewhere, the improvement at Paramount has not been sustained because of slack demand from the petrochemicals industry. In spite of this APV is still a high quality stock in the engineering sector. Assuming around £18m for the year the prospective p/e, fully-taxed, is almost 12 while the yield is 5 per cent if past dividend policy is continued.

Aberdeen Construction moves ahead

Pre-tax profits at Aberdeen Construction Group moved ahead from £1.57m to £1.74m for the first half of 1983, on turnover of £40.55m against £39.97m.

The net interim *dividend* has been recommended at 2.1p on capital increased by a one-for-two rights—the comparative payment was 2.6p. In the last full year a final of 5.4p was also paid.

Earnings per 25p share for the period rose from 4.59p to 5.06p.

Although a milder winter in the north east of Scotland contributed to better profits in that area, the directors say not all areas in which the group operated enjoyed the same conditions. The industry continues to suffer from recession, and the acquisition of work at reasonable margins is difficult.

Profits for the year are expected to *approximate* those of £4.9m in 1982.

Bremar Trust

Petrol retailing and investment dealing concern Bremar Trust—which is shortly to change its name to J. J. & D. Frost—produced pre-tax profits of £406,229 in the first six months of 1983. This compares with £251,243 for the six months to September 30 1982 and with £357,525 for the nine months to the end of 1982.

The interim dividend is set at 1p net per 25p share. For the last full accounting period a single payout of 1.5p was made.

Turnover for the six months came to £25.94m (£34.35m for the previous nine months). Tax took £151,887 (£154,504) leaving net profits of £253,342 (£203,021). After extraordinary debits of £82,037 (nil) and minority interests of £88,512 (£88,129) attributable profits emerged at £102,793 (£114,892).

Suter £1m in first half

THE DIRECTORS of Suter view an increase in first half pre-tax profits from £162,000 to £1.02m as the "first step" in a planned recovery programme.

They are lifting the interim payout by 50 per cent to 0.75p net, and say that last year's 1.25p final will at least be maintained.

Turnover of this producer of hairdressing, refrigeration and air conditioning equipment was £32.22m against £29.08m.

Earnings per 5p share for the first half rose from 0.27p to 5.7p, after tax of £259,000 (£146,000) but including minority credits of £13,000 (£20,000).

Beauford Group

Lower first-half 1983 pre-tax profits of £224,000 against £344,000 at Beauford Group are considered satisfactory by the directors of this heavy machine tool maker, bearing in mind present difficult trading conditions.

Turnover fell from £4m to £3.26m.

The net *interim dividend has* been held at 1.4p—in the last full year a final of 2.1p was paid. Earnings per 10p share for the six months slipped from 5.7p to 3.8p.

Tax of £100,000 (£160,000) leaves attributable profits down from £184,000 to £124,000.

Discount Investment

The Discount Investment Corporation is to withdraw its London listing. The reasons given are that the principal market in its shares is Tel Aviv, and that the expense of the London listing outweighed the advantages it offered to shareholders and the company. DIC's shares continue to be traded in Tel Aviv.

Discount Investment also announced that its total consolidated profit for the interim period to June 30 1983 was Shl 775.3m (Shl 168.3m), and this includes capital profit of Shl 386.3m (Shl 9.1m).

Fitch Lovell

In the current year, significant progress was being made by Fitch Lovell on important fronts, Mr Geoffrey Hankins, the chairman, told the annual meeting and he added that "we expect it to continue."

Members were told that the group was in contact with a number of target companies, the acquisition of which "would both reinforce the group's existing manufacturing and distribution activities and further enhance our rating in the stock market."

BIDS AND DEALS

UBM forecasts £10m and plans boost to dividend

BY RAY MAUGHAN

UBM, builders' merchant, glass and motor distribution group has responded to the revised offer from Norcros with a forecast of pre-tax profits of £10m in the year to January, against £2.7m, and a promise of a net total dividend of 6.5p per share which compares with 2.2p.

The £75m offer from Norcros was raised on September 20 and will reach its next closing date on October 4. The bidder, whose activities include windows, construction products and engineering, has so far only been able to acquire an aggregate holding of just under 4 per cent of UBM's equity.

Several highly speculative positions have been built up during the past two stock exchange trading accounts, gambling on a higher offer from Norcros or the late intervention of a third party. UBM shares, however, weakened ½p to 125½p yesterday on the forecast which is still ½p per share better than Norcros' 125p per share cash terms.

Norcros was quick last night to defuse at least one of the speculative propositions when it said that its equity and cash and its cash-only alternative offers will not be increased.

But UBM was adamant that the revised offer is "no more than a reasonable stock market trading price; it certainly does not contain a proper premium for control."

The defence calculated that "at the level of Norcros" revised offer and on the basis of forecast earnings and dividends, UBM ordinary share are valued on a p/e of 12.6 and a gross dividend yield of 7.2 per cent." The applicable tax rate is 40 per cent.

A pre-tax profit estimate of about £10m this year has been widely anticipated in the City and the most pertinent point of interest for the three big UBM shareholders, Newarthill, Equity Capital for Industry and various funds managed by Morgan Grenfell, which control about 30 per cent of the equity, is the outlook for 1984-85 and beyond.

UBM concedes that the "task of realising the group's full potential is still not completed," but the board stresses that "we are well on the way to achieving this goal. The chairman, Mr Allen Sheppard, feels that it is worth repeating that "under the executive bonus scheme, maximum bonuses will only be earned in the financial year commencing March 1985 if pre-tax profits, after deducting bonuses, exceed £16m."

These bonus assumptions do not, in any sense, constitute a forecast, but UBM points out that the margin of 3 per cent and return on capital of 16 per cent implicit in this year's predictions are "still less than those achieved in the recent past." In 1979-80, the defence reminds shareholders, the return on capital exceeded 19 per cent and net margins bettered 4½ per cent.

It believes that gearing, now down to about 12 per cent, may be eliminated in about 18 months as a continuation of recently introduced financial controls and feels that it has much more progress to make on operational savings, marketing and purchasing.

For its own part, Norcros was emphasising last night that its effective offer of 128½p per share represented 16 times UBM's forecast earnings on a fully taxed basis.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Charles Hurst, Macallan-Glenlivet, Midland Industries, Jefferson Smurfit, Southampton Isle of Wight and South of England Royal Mail Steam Packet, Style, Tootal.

Finals: Cocksedge, Fitzwilton, Kwahu.

FUTURE DATES

Interims:

Fothergill and Harvey	Oct 10
Ibstock Johnsen	†Oct 18
London and Manchester	Oct 7
Sears	Oct 4
United Guarantee	Oct 6

Finals:

Abingworth	Oct 10
Bryant	Oct 17
Glaxo	Oct 10
Lister	Oct 3

†Amended.

Laundry probe news next week

BY RAY MAUGHAN

THE FATE of the three interconnected laundry and dry cleaning bids is unlikely to be known before the weekend. The Office of Fair Trading indicated yesterday that its recommendation had only been delivered to Mr Cecil Parkinson, Minister of State for Trade and Industry, in the morning and his decision is not therefore expected until next week.

The first of the three bids reached its first closing date yesterday when Brengreen, the refuse collection and cleaning group, announced that its £31m offer for Sunlight Services had been accepted by holders of 3.7 per cent of Sunlight's equity. Coupled with its original holdings and subsequent market purchases, Brengreen now controls 10.9 per cent and said yesterday that it would extend its equity offer until October 13.

Sunlight itself once again appeared before the Takeover Panel and released an announcement shortly after midday to the effect that the Panel had confirmed that Pritchard, bidding £15m for Spring Grove, was wrong to say that the bid had gone unconditional as to acceptances.

Sunlight, advised by Kleinwort Benson, and making a £24m counter bid for Spring Grove, had contended that Pritchard's acceptances took no account of options granted to the Spring Grove board and senior executives. So Sunlight announced that the Panel had instructed Pritchard and its advisors, Morgan Grenfell, "to investigate the matter and to issue a corrective statement."

That was immediately interpreted in the stock market as a rebuke to Pritchard. It later transpired, however, that Sunlight's own announcement had not been cleared by the Panel, but a subsequent announcement from Morgan Grenfell had been agreed with the Panel.

The latter statement said that "the tactics adopted by Sunlight can only be interpreted as a further attempt to frustrate, for reasons extraneous to Spring Grove, the clear wishes of the board of Spring Grove and the holders of over 50 per cent of its issued capital."

Pritchard's advisors made it plain that almost all the options are exercisable between 90p and 90½p. None are exercisable below 59.13p per share which contrasts with Spring Grove's current share price of 47½p, down 1½p yesterday. Holders have undertaken not to exercise their options unless Pritchard's offer fails to go unconditional. Thus, Pritchard's offer is unconditional in all respects under the terms of the City Code save for the forthcoming decision by the OFT.

WALTER ALEXANDER SELLS SUBSIDIARY

In a move to rationalise the group's investment in the motor trade, Walter Alexander has disdisposed of its wholly-owned subsidiary, Reid and Adams, for a cash consideration of £281,000.

Reid and Adams is a Ford car distributor located at Stranraer, West Scotland, and its disposal is designed to eliminate interests in competing franchises within that territory. In the year to March 31 1983, Reid and Adams earned pre-tax profits of £24,000.

In a letter to shareholders, Mr Ronald Alexander, chairman of Walter Alexander, also gives further details of the recent acquisition of 60 per cent of the ordinary share capital of Domcraft, the Liverpool-based wholesaler and supplier to the fast expanding do-it-yourself trade.

The share purchase, for a cash consideration of £1.5m, was announced last month. In the current year, Domcraft is expected to make pre-tax profits approximately £500,000 on sales in excess of £4m.

At present, Domcraft's activities cover the North of England, the Midlands and South Wales and it is intended that these should be extended to other areas of the UK.

The agreement has been entered into whereby Walter Alexander will acquire the balance of the equity over a period of years on a price formula related to the company's future profits.

JOHNSTONES PAINTS

Johnstones Paints has purchased the development known as EZ2—comprising 18 new industrial units constructed by R. R. and J. Willian—in the Salford enterprise zone for £695,000 cash. The purchase was made on September 16.

The site is leased from Salford City Council for 125 years. There is an agreement to subject the units to Greater Manchester Council for 20 years at an intitial annual rent of £59,925 subject to review every five years

U.S. office group bids £15m for Twinlock

A WHOLLY OWNED subsidiary of Acco World Corporation, the office products manufacturer based in the U.S., is to acquire Twinlock in an agreed takeover worth £15.2m.

Acco is offering 71p per share in cash for Twinlock, the office products and furniture manufacturer. Prior to the announcement of the Acco bid, shares in Twinlock, which is quoted on the USM, were temporarily suspended at 60p.

Acco also announced yesterday that it has purchased the 23.3 per cent stake in Twinlock held by the National Enterprise Board and a 10 per cent stake held by the Scottish American Investment Company, at 71p per share.

Twinlock and its financial advisers, Barclays Merchant Bank, stated that they consider the offer to be fair and reasonable and will recommend to shareholders that they unanimously accept the deal. The directors of Twinlock said that they intend to accept the offer in respect of their beneficial holdings of 182,550 ordinary shares.

Acco, which has a factory in Peterborough said that the geographical coverage of itself and Twinlock was complementary and that Twinlock operations would continue to operate under their own brand names. Acco also stated that no redundancies were envisaged at Twinlock.

In the year ended March, Acco made pre-tax profits of $22m (£14.6m) on turnover of $104m (£69.3m). The company is capitalised at $230m on the New York Stock Exchange. For the year ended February Twinlock made pre-tax profits of £1.07m on turnover of £31.45m.

Twinlock shareholders will be entitled to receive and retain the interim dividend of 0.6p per share.

LAMBERT HOWARTH ACQUISITION

Lambert Howarth Group, a substantial supplier of footwear to Marks & Spencer, has acquired Global Shoe and Leather.

Under contracts entered into, the company has secured the continuation of the services of the Italian designers who have been associated with Global. Also, its subsidiary Lambert Howarth and Sons, has been assigned the leasehold interest in the premises occupied by Global in London, NW1.

Global arranges for Italian manufacturers to produce—to Global's specification and design—footwear which it then imports into the UK and sells direct to the large UK retailers.

At July 31 1983, the date of its latest audited accounts, Global's net assets were £39,371 and profit before tax for the year ended on that date was £29,291. On that date, Global had firm orders valued at approximately £1.5m.

Consideration for the acquisition of the share loan capital of Global has been satisfied by the allotment of 299,606 ordinary shares. The £240,000 loan capital of Global has been bought at par. Consideration for the acquisition of the leasehold interest in the premises was £2,000, which was satisfied in full in cash at completion.

ALLIED-LYONS BUYS EVERFRESH SHARES

Under an agreement entered into in 1972, Allied Breweries, a wholly-owned subsidiary of Allied-Lyons, is acquiring further shares in Everfresh Frozen Foods International.

Consideration for this acquisition, which will increase the group's interest in Everfresh from 94 per cent to 95 per cent is the allotment by the company to the vendor, Mr J. K. Taylor, a director of Everfresh, of 45,011 ordinary shares credited as fully paid in Allied-Lyons.

THOS. JOURDAN LIFTS MARY QUANT STAKE

Thomas Jourdan has entered into an agreement to acquire 40 per cent of Mary Quant Holdings from the Witan Investment Company. Consideration will be satisfied by the issue of 466,321 Jourdan shares, worth some £447,668.

Mr A. A. J. McNair and Mr and Mrs Plunket Greene, who are directors of Thomas Jourdan, are beneficially interested in 56 per cent of Mary Quant Holdings. Witan has undertaken not to sell any of the consideration shares for three years without offering them for repurchase to Thomas Jourdan.

BRAMMER IN PRECISION DEAL

Brammer has agreed with the shareholders of Precision Rotors (Dorset) for the purchase of their shares. The maximum consideration for the purchase is £400,000 which is dependent upon profit performance within the next five years.

Initially, Brammer has acquired 75 per cent of the capital for £80,000 which has been satisfied by the issue of 37,212 Brammer ordinary shares of 20p each and the balance in cash. The balance, subject to profit performance, of a maximum of a further £320,000 will be satisfied by the issue of Brammer ordinary shares based on the middle market quotation at the time that profit targets are achieved.

Precision Rotors specialises in the design and manufacture of precision air bearing spindles and has established a reputation for quality products in a number of significant markets.

LONDON UTD. INV.

Britannia Arrow Holdings has disposed of its entire holding of 1.21m shares (10.26 per cent) in London United Investments which has been placed with institutional shareholders.

MINING NEWS

Cautious optimism from 'Johnnies'

BY GEORGE MILLING-STANLEY

THE BETTER than expected performance of Johannesburg Consolidated Investment ("Johnnies") in the year to June 30 has not persuaded Mr Gordon Waddell, chairman, to abandon his customary caution about the outlook for the current year.

Mr Waddell points out in the latest annual report that the group's performance depends on the maintenance of the U.S. recovery and a return to the normal pattern of rainfall in South Africa.

These factors, he says, will help the South African economy to emerge from its present recession, although this will not be immediate.

Within that context and provided there are no unforeseen setbacks, he concludes, the group is "reasonably placed" for the current year.

There is as yet no indication as to whether Johnnies hopes to match last year's attributable profits of R102.7m (£60m), the first time the group has topped the R100m-mark.

Higher dividend income helped last year's results, although Johnnies will have to wait for the current half before it can take in the increased final from Rustenburg Platinum Mines because of the time lag between declaration and payment dates.

Income from the platinum operation was thus lower in the period under review, but this was more than offset by higher payments from the Randfontein Estates gold mine.

The diamond interests, largely held through the trading companies controlled by the associated De Beers Consolidated Mines, also paid higher dividends, and Johnnies benefited from its increased holding in South African Breweries.

The main component of last year's increased profits, however, was shown in the preliminary announcement of results under the heading "Other net revenue." This aroused some comment at the time, as there was no explanation of the jump from R6.9m to R20.6m.

It now emerges that this item included interest income, up by almost R9m, fees and commissions nearly R3m higher, a fall in exploration spending of R2.7m and property sales.

The rise of almost a quarter in the rand price of gold last year was of considerable assistance to the group's two gold mines, Randfontein and Western Areas. In addition, the former managed to secure its future for a long time ahead through the acquisition of the adjacent Doornkop area.

Johnnies was the largest holder of mineral rights in the area, and the group's involvement in the deal has lifted its holding in Randfontein to almost 30 per cent.

As far as Western Areas is concerned, the mine's survival plan seems to be working out successfully. Next year should see the start of production from the No 4E sub-vertical shaft, and the completion of No 3 sub-vertical to allow development work to begin.

The deepening of the No 2 sub-vertical should be finished by 1986, and at that time, Western Areas hopes to have achieved sufficient flexibility in its operations to be in a position to review the policy of selling forward the bulk of its production.

The biggest disposal of the past year was of the greater portion of Johnnies' investment in the South African copper producer Palabora. The group said that the sale was in line with the policy of restricting investments to companies in which it makes a contribution to management.

Testing time for Eagle

THE NEXT three months or so will be something of a "make or break" period for the junior Australian oil and gas explorer Eagle Corporation as it awaits the results of two wells about to be drilled.

On October 12 Eagle's partner, the Australian subsidiary of America's Gulf Oil, will commence drilling of the Cow Bore 1 exploration well in Exploration Permit 114 in the Canning Basin of Western Australia.

On completion of this well, which is expected to take some 60 days to reach total depth, Gulf will commence drilling of a second well in the licence area. This well is designated East Crab Creek 1.

Eagle has a near 50 per cent interest in EP 114, while Gulf, the operator holds 40 per cent. The remainder is held by Barrick Petroleum, 7 per cent, and Balmoral Resources and Floyd Oil Participations, each with 1.8 per cent.

Next year's drilling programme will cost some A$10m

International round-up

THE Donnybrook gold prospect in the southern part of Western Australia is regarded by West Coast Holdings as having "the potential to contain a very large tonnage, low grade stockwork or replacement gold deposit such as has been found in the western U.S." The British Petroleum group's Seltrust Gold (part of Seltrust Holdings) has just reached a farm-in agreement whereby it can earn a 51 per cent interest in Donnybrook by completing a feasibility study of the gold prospect.

Ni-Cal Developments of Vancouver reports that it continues to progress towards its aim of establishing an open-pit nickel mine and processing plant at the Gasquet Mountain project near Crescent City, California.

A final report by Raymond Kaiser Engineers on the engineering and economic feasibility of the project says that it could produce annually 19m pounds of nickel, 2.2m pounds of cobalt and up to 50,000 tons of chromite concentrate and 95,000 tons of light burned magnesium oxide.

UK COMPANY NEWS

Near £4m rise at James Finlay

First half taxable profits of James Finlay, international trader and financier, increased by £3.85m to £8.58m and the interim dividend is lifted to 2.5p against 2p.

The improvement during the six months to June 30 1983 was attributable to energy related interests and plantations (excluding Bangladesh). These two sectors increased their contributions by £1.81m and £2.31m

Turnover for the period was up from £51.48m to £66m and trading profits, excluding plantation interests in Bangladesh and net gain on sale of investments, rose to £8.39m compared with £4.65m.

The taxable result included associate profits of £194,000 (£81,000).

An analysis of pre-tax profit by activity shows (in £m): Banking services, finance and international confirming £0.67 (£0.63); confectionery and beverage manufacturing £0.6 (£0.87); trading, manufacturing and merchanting £0.97 (£1); energy re-related interests £3.38 (£1.57); plantations (excluding Bangladesh) £2.97 (£0.66).

Tax for the six months took £3.29m (£1.82m) and minorities and preference dividends absorbed £1.61m (£0.7m), leaving earnings for ordinary stockholders of £3.68m (£2.21m). Earnings per 25p ordinary stock unit are shown as rising from 3.8p to 6.4p.

In 1982 the company made taxable profits of £15.06m with turnover at £122.93m, and paid a final 2.9p dividend for a 4.9p total.

● comment

James Finlay is riding high on improvements in tea prices and volumes which led to quadrupled pre-tax profits in its plantations. Strip out gains from the disposal of surplus supply vessels at Seaforth and group profits were up by 26 per cent, with the non-tea activities' contribution down by a similar amount. The outlook for the tea prices seems bright at least until the end of the year, so the inclusion of the Bangladesh crop in the current half could bring the final outturn to over £30m. The Baraoora deal seems to represent a relaxation of Finlay's stance in recent years when it was busy decreasing its dependence on a single volatile commodity in favour of more stable operations. Meanwhile, engineering losses have got no worse and that division should perform again next year when a £9m Russian order for diving equipment begins to produce income. Elsewhere, Lock is back in the black and Payne should turn in at least maintained profits for the year despite a sticky summer for chocolates. At yesterday's price of 138p, up 2p, the historic yield is 5.7 per cent.

S. Casket ahead

Manchester-based clothing retailer, S. Casket (Holdings) increased pre-tax profits by more than 20 per cent to £514,000, against £425,000, for the first half of 1983. Turnover was ahead from £17.09m to £18m.

The net final dividend has been lifted 10 per cent from 1.25p to 1.375p, raising the total from 1.75p to 1.875p. Earnings per 10p share are shown as rising from 3.25p to 3.62p.

After tax of £121,000 (£62,000), and extraordinary debits of £17,000 (£45,000) the attributable balance emerged ahead from £318,000 to £376,000.

HTV lower at £4.1m but pays same

SECOND-HALF taxable profits of HTV Group were little changed at £1.28m, against £1.26m last time, but full year figures to July 31 1983 were down from £4.74m to £4.09m. Turnover for the 12 months rose by £17.92m to £72.55m.

A breakdown of turnover and profits by activity shows:—television £61.88m (£43.28m) and £4.96m (£3.1m); fine art £3.31m (£3.41m) and £0.56m (£0.75m); publishing and stationery—business retained £6.55m (£7.15m) and losses £1.48m (£0.21m)—business sold during year £0.81m (£0.78m) and losses £0.93m (£0.28m). Property and leasing profits added £552,000 (£692,000).

Pre-tax results included investment income, less interest payable, of £433,000 (£698,000). After tax of £2.32m (£2.43m) net profits were down from £2.31m to £1.77m. Earnings per 25p share fell from 22.36p to 17.14p, but the dividend is maintained at 11p net with a same-again final of 7p. Payments absorb £1.14m (same).

The activities of Dataday are being further reorganised and provision has been made for the estimated exceptional costs involved of £691,000 (nil).

All group freehold and certain leasehold properties have been revalued at July 31 1983 and a surplus of £539,000 over book value arose on the revaluation. This surplus, less a deferred tax provision has been credited to reserves.

The plant and equipment owned by Dataday was revalued at August 1, 1982 and the £523,000 surplus over book value has also been credited to reserves.

● comment

A good performance by HTV's mainstream activities has been blighted by the publishing and stationery side of the business, a feature which highlights once again the failure of many television companies to diversify effectively. This fact has obviously spurred HTV into remedial action—but this has been expensive. Provisions and exceptional items relating to Dataday and Muller increased their combined losses by £1.3m, leaving group profits down by 14 per cent. On the positive side, television earnings continue to make headway, with latest results reflecting an impressive 17 per cent increase in advertising revenue and a first-time contribution from the sale of Welsh-language programmes to Channel Four. With Muller out of the way and a slimmed-down Dataday making the group much less vulnerable, HTV can now spend more time on what its knows best. At 172p up 2p the p/e is 9.6 while the yield is an attractive 9.5 per cent.

Garfunkels

Higher interim profits, together with current trading figures, lead the directors of Garfunfels Restaurants to expect a satisfactory increase in the year's outcome.

They report that pre-tax profits for the 26 weeks to July 3 1983 rose from £130,000 to £221,000 with turnover expanding to £2.52m against £1.39m. For the whole of last year profits totalled £320,887.

The directors say that the acquisition of further restaurant premises, announced at the time of the March rights issue, has been completed. All branches have been refurbished and are trading successfully they say.

This USM company now operates 15 Garfunkels Restaurants and a further branch is due to open in Baker Street next month.

Results for the first Black Angus Steak House, opened in Leicester Square in March, are encouraging, and the directors say that a second branch will open in South Kensington shortly. A further unit is planned before the year end, they add.

The attributable surplus for the first half was £207,000 (£130,000) after tax of £11,000 (nil), and an extraordinary debit this time of £3,000.

There is an interim dividend of 0.86p —last year there was a single 1p distribution.

Harris Queensway leaps to £9.3m

IN THE half year ended June 26 1983 Harris Queensway, carpet and furniture retailer, lifted pre-tax profits from £4.93m to £9.34m, on turnover of £103.37m, against £75.64m.

The board believes that the mid-term results and prospects for the full year justify an increase in the interim dividend.

Accordingly, the net payment is being raised—on capital increased by the one-for-six rights issue—to 2.25p (1.67p) per 20p share.

Sales in the second six months to date have shown continuing improvement. Providing that there is no undue deterioration in trading conditions, the board anticipates achieving good results for 1983 and continues to look to the future with growing confidence.

For the year ended December 24 1982 the group made record pre-tax profits of £16.32m, on £172.44m turnover.

First-half 1983 taxable results included interest receivable of £146,000 (£637,000 payable) and lower profits on property transactions of £182,000 (£574,000).

After tax of £3.66m (£2.18m) and minorities, attributable profits were up from £2.71m to £5.65m, representing a rise in earnings per share from 4.53p to 8.97p.

The three major trading divisions all achieved substantial sales gains and increased profits in the period.

Harris Carpets results were particularly good, says the board, and along with the smaller Ross Carpets, Carpetland and General George Carpet divisions, benefited from a general improvement in sales due to an upturn in the housing market and higher consumer spending.

Mr Philip Harris, the chairman of Harris Queensway

Carpetland, which now trades from 23 stores and was started last year, is making good profits and, together with General George Carpets — which was acquired at the beginning of this financial year and is also trading very successfully—should make a substantial contribution to the full year's results.

Queensway sales and profits were substantially better than in the first half of 1982 and although it made the largest single contribution to the group results, the board is still working hard to realise its full potential.

Trading conditions continue to be more difficult for furniture business in the High Street, but Harris Furnishing sales were higher and profits significantly better. Poundstretcher results were adversely affected by the poor weather in the early summer but sales in July and August have been particularly good and profits to date are now substantially ahead of last year.

The DIY division is continuing to operate satisfactorily on a small scale and the Home Textiles side is being developed and now trades from 11 locations within Queensway Stores.

The group's balance sheet has been very considerably strengthened by the rights issue in March 1983 and this, together with profits retained in the first half of 1983, has increased the net tangible assets from £39.25m at the end of 1982 to £67.10m.

The interest receivable, compared with a charge in 1982, mainly reflects the funds received from the rights issue. The group should still have substantial funds in hand at the end of 1983, although a large proportion of the monies raised from the rights will have been spent on properties.

● comment

Since he brought the company to the stock market five years ago Phil Harris has earned himself a reputation as one of the ablest retailers around. The latest figures from Harris Queensway do nothing to change that view. Physical expansion distorts the picture but even on a like for like basis Queensway's sales are up 22 per cent, Harris Carpets 26 per cent and Harris Furnishings 13 per cent. The group looks in line for profits of over £26m for the year, a rise of £10m. Taking a line through the interim tax charge that points to a p/e of only 12 at 294p. Next year will see the full benefits of Queensway's expansion, which has lifted selling area by 800,000 sq ft, and even with an underlying flat trend in consumer sales, predictions for £32m of profits in 1984 are already out. Perhaps the most interesting snippet to come out of yesterday's statement was that HQ intends to cut down on the number of furniture suppliers. If the company is thinking in terms of a more aggressive stance to furniture retailing, then the future is going to be far from dull.

Half year profits for Grampian Holdings

A TURNROUND into the black at the interim stage at Grampian Holdings reflects the rationalisation and disposal of loss makers carried out in 1982.

For the six months to June 30 1983 a pre-tax surplus of £444,000 is reported, compared with a £284,000 deficit incurred in the comparable 1982 period. In the second six months of 1982 this industrial holding company overturned the midway loss and finished the year with profits of £425,000.

The directors say that the benefits of the disposals are particularly evident in the improved performance of the consumer division, which recorded a £89,000 profit against a £519,000 loss.

The interim dividend is being maintained at 1.5p net. Last year's total dividend was unchanged at 4.5p with a same again final of 3p.

Turnover of £22.13m for the first half compares with £28.94m, and £58.07m for the whole of last year. The taxable surplus was after parent company expenses, including bank and debenture interest not otherwise allocated, of £375,000 against £297,000.

Earnings per share were 3.25p (losses 3.99p) after tax of £80,000 (£82,000). For the comparable period minorities took £5,000.

The attributable surplus for the opening period was £364,000 compared with a £371,000 deficit, and a £4.72m loss for 1982.

Oilfield Inspection moves ahead to £0.63m midway

ON HIGHER turnover of £7.74m, compared with £5.74m, Oilfield Inspection Services Group advanced from taxable profits of £585,000 to £625,000 in the first half of 1983.

Earnings per 20p share—of this Unlisted Securities Market quoted company which provides inspection, testing and heat treatment services for the oil and gas industries—are given as 4.8p (4.7p) and the interim dividend is being lifted from 1p to 1.1p net.

For 1982 a total distribution of 2.3p was paid from pre-tax profits of £1.35m earnings per share of 10.7p.

The directors report that as predicted in their 1982 year end report, the market has remained fiercely competitive due to a general shortage of work in some overseas areas.

As a result, there is likely to be limited growth in profits for the year, they say.

North Sea activity is steadily returning to previous levels and the outlook in this area looks more encouraging than for many years. The group should achieve improved growth which the directors are confident will be reflected in 1984 performance.

Tax took £306,000 (£273,000) and there was a minority credit of £19,000 (debit £10,000).

Leyland Paint cuts first half loss to £0.7m

Material improvements by all the divisions of Leyland Paint & Wallpaper—and particularly by the Canadian associate—led to a cut in taxable losses from £2.09m to £681,000 in the first half to July 2 1983.

Turnover fell from £19.92m to £17.57m, including £3.75m (£3.31m) for overseas. Losses per 25p share are given as 4.6p (13.1p) and the interim dividend is again being missed.

The directors anticipate that before profits can be made, a further rationalisation of the UK wallcoverings activities will have to be affected, and the costs of this will have to be borne over the next few months.

While the directors expect further improvement at the trading level, provision will have to be made for the rationalisation costs against the overall results for the second half.

Taxable losses were arrived at after interest payable of £449,000 (£509,000) and associate profits of £108,000 (£1,000). Tax took £49,000 (nil) and there were extraordinary debits of £287,000 (credits £47,000) made up of rationalisation costs and associated redundancy costs of £296,000 and profits on the disposal of property of £9,000.

In 1982 the group made taxable losses of £2.99m on turnover of £39.48m and stated losses per share were 20p.

Amal. Estates losses rise

LOSSES AT Amalgamated Estates, property investor, accelerated sharply in the second six months to leave the group £1.83m in the red pre-tax for the full year to March 31 1983, compared with £930,717 previously—the deficit was up from £411,000 to £624,000 at six months.

Along with the announcement the directors say they are proposing to raise approximately £1.2m net by way of an underwritten one-for-one rights issue of 18,340,100 shares at 7p per share.

They say that in their opinion the high level of borrowings by the company and its subsidiaries is inhibiting group prospects. They add that even after recent property realisations, indebtedness should be reduced further if a sound basis for further growth is to be achieved.

Turnover for 1982-83 declined from £610,837 to £589,799—the group was formerly known as Amalgamated Stores. Extraordinary credits totalled £808,662 (nil) and net assets per share amounted to 15.46p (31.03p).

Saxon Oil

The first call on USM company Saxon Oil's strengthened cash resources could be to purchase current North Sea production, the chairman told members at the agm.

Saxon has seen its competitive position worsen, he said, and it was unable yet to take advantage of tax changes through the lack of current production.

The company is therefore making strenuous efforts to acquire some current North Sea production, he added.

He also revealed that Saxon is looking for onshore farm-ins and, although so far unsuccessful, it will be pursuing new opportunities.

Members were told that overall, Saxon had ended the year to June 30 in a much stronger position and that it had now successfully provided for all financial obligations in block 16/8B, as well as recouping half of its previous outlay on the block.

In addition, the chairman said that the recent exercise by Clyde Petroleum of its option to 2,000,603 ordinary shares for £1 each had further strengthened the company's position.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberdeen Const.	int.	2.1‡	Nov 25	2.6	—	8
APV Holdings	int.	4.5	—	2.8	—	10.5
Beanford	int.	1.4	Dec 1	1.4	—	3.5
Bentalls	int.	0.35	Nov 16	0.3	—	1.6
Bremar Trust	int.	1	Nov 15	—	—	1.5¶
Bridgewater Ests.	int.	2.25	—	2.25*	—	9.5*
S. Casket		1.38	Dec 9	1.25	1.88	1.75
James Finlay	int.	2.5	Jan 4	2	—	4.9
Finlay Packaging	int.	0.75	Nov 10	0.5	—	2.25
Garfunkels	int.	0.86‡	Nov 10	—	—	1
Grampian Holdings	int.	1.5	Nov 5	1.5	—	4.5
Grattan	int.	Nil	—	1	—	1
Harris Queensway	int.	2.25†	Nov 30	1.67	—	5.67
House of Fraser	int.	2.5	Dec 2	2	—	7.5
HTV Group		7	Nov 18	7	1	11
John Laing	int.	1.25	Nov 16	1	—	2.88
Lilleshall Co.	int.	Nil	—	Nil	—	1
Oilfield Inspection	int.	1‡	Oct 9	1	—	2.3
Superdrug Stores	int.	1.4	Dec	—	—§	—
Suter	int.	0.75	—	0.5	—	1.75
UBM Group	int.	2.5	—	1	—‖	2.2
George Wimpey	int.	0.85	Jan 6	0.77*	—	2.73*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Total of 3.5p forecast in February 1983 prospectus. ¶ For nine months to December 31 1982. ‖ Board intends to recommend a final dividend of 4p.

BANK RETURN

	Wednesday September 28 1983	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,899,217	+ 5,464,358
Bankers Deposits	600,744,025	— 15,668,647
Reserve and other Accounts	1,580,277,221	— 13,062,675
	2,236,472,463	— 23,266,964
Assets		
Government Securities	382,090,857	— 6,350,001
Advances & other Accounts	885,393,152	— 112,440,876
Premises Equipment & other Secs.	962,261,798	+ 101,754,048
Notes	5,974,989	— 6,250,066
Coin	191,669	+ 19,953
	2,236,472,463	— 23,266,964
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	11,400,000,000	—
In Circulation	11,394,025,011	+ 6,250,066
In Banking Department	5,974,989	— 6,250,066
Assets		
Government Debt	11,015 100	—
Other Government Securities	4,221,400,849	+ 170,267,839
Other Securities	7,167,594,051	+ 170,267,839
	11,400,000,000	— —

IN BRIEF

Water Council Fund sells £25m package

GENERAL ACCIDENT Fire and Life Assurance has paid about £25m for an office, shop and industrial property portfolio owned by the National Water Council Superannuation Fund.

GA, advised by Strutt & Parker and Donaldson, has acquired a mixture of properties—all fully let and many with reviews due—spread around the country, as far apart as Edinburgh and Woking. The portfolio currently provides an income return in excess of 5 per cent. The Water Council was represented by Jones Lang Wootton.

The superannuation fund has decided to retain in its investment portfolio Runnymede House in Staines, the 48,000 sq ft office building developed by Hammerson and just let at a rent of a little under £13 a sq ft to Sony (UK) by Jones Lang Wootton and Edward Erdman. It has an investment value in the region of £12m.

● Miller Developments has let Miller House, the 51,250 sq ft net office building in Bracknell to Hewlett-Packard at a rental in excess of £640,000 a year. The letting, in which Miller were represented by Healey & Baker and Gibson Eley, is thought to be one of the largest arranged in this area for several years.

● County and District Properties—part of the Costain Group—has started work on an 87,000 sq ft office scheme in Farnborough, Hampshire. The building will be completed in November 1984 and joint letting agents are Hillier Parker, May & Rowden, Campbell Gordon and Jones Lang Wootton.

● Sun Life of Canada has acquired the head lease of the new shopping development at Saxon Square, Christchurch, Dorset—opened this week. The development was carried out by Sterling Guarantee and has cost Sun Life over £15m. There are two major stores and 19 shop units, all let.

● The Bank of New Zealand has acquired a 25-year lease on 89-91 Gresham Street, the 15,000 sq ft City office block jointly owned by the City Corporation and the Mercers' Company. The building is undergoing extensive refurbishment and work will be completed by the end of this year. The rent involved in the pre-let is believed to be over £30 a sq ft. St Quintin represented the tenant and Ian Kennard acted for the freeholders.

● Twenty-five freeholds held by the British Rail Property Board are to be auctioned simultaneously in London and Manchester on December 7. Agents Longden & Cook will stage the auction at Manchester's Midland Hotel and at London's Connaught Rooms, using private circuit lines provided by British Telecom.

● Property Holding & Investment Trust says it has already let, or has under firm offer, nine of the 16 warehouse and industrial units just completed at its Spa Industrial Park scheme in Tunbridge Wells. Rents on the 80,000 sq ft scheme vary from £2.95 to £3.50 a sq ft. Agents are Allsop.

THE PROPERTY MARKET BY MICHAEL CASSELL

Ringing in the new

IF BILL OLDENBURG gets his way, the precincts of St Paul's cathedral will soon be ringing to the sound of a Chinese gong —struck each time another million dollar deal is wrapped up by the property financing company he has brought to London.

Oldenburg—"don't tell me it can't be done, tell me how we can do it"—is president and chairman of the board of Investment Mortgage International and this week he flew in from San Francisco for lavish celebrations to mark his organisation's European debut.

His London beach-head is The Old Deanery, a Queen Anne mansion close to the cathedral, and it is there that the gong—like its constantly reverberating counterpart back in world headquarters on California Street—will be hung.

The fact that a suitable instrument has not yet been located by Peter Richmond, the ex-Lloyds bank man who is heading up the London office, is about the only hitch which Oldenburg foresees in an ambitious campaign aimed, no less, at revolutionising the property finance game on this side of the Atlantic.

Fresh from a trans-Atlantic workout on the rowing machine aboard a private jet, Oldenburg sipped mineral water at Les Ambassadeurs Club and spelled out the system which has led to rapid success in the United States.

It was in 1978, after more than 20 years in the property financing game, that he set up IMI as a real estate finance office, designed to bring developers and investors together and to speed up and simplify the assembly of a funding package.

In five years, IMI claims to have become one of the largest single sources of property finance in the United States. In 1982-83 it completed funding deals worth $1.5bn and Oldenburg says this year's target of $5bn—"I wanted $15bn but I was talked out of it"—looks like being achieved.

The basis for IMI's business lies in the worldwide syndication of loans, arranged in 60 to 90 days, rather than the more normal six months to a year. The day a loan application is accepted—about one in six are taken on after approval by underwriters—papers necessary for credit underwriting are prepared, potential lenders are contacted and the drafting of closing documents is initiated.

IMI is only interested in the big stuff—average project financing is around $60m and ranges from $5m to $250m—and there is a $3m minimum stake. It has, for example, just closed a $98m deal on a Dallas office building which involved 21 lenders from around the U.S. and overseas.

The company also plans a worldwide franchise operation, on the basis that its representatives need to be on the spot to grab business opportunities; as Oldenburg puts it: "If you can't spit on it, you can't manage it." Three franchises have so far been set up in the U.S. to originate loan transactions and IMI takes around 48 per cent of income generated.

There are high hopes for the UK, although IMI concedes that the local property market has little in common with the one to which it is used. Syndicated property loans have hardly been the most popular innovation since upwards-only rent reviews and the market seems fairly well off when it comes to available funding sources.

Neither can it be said to be the best time to start whipping up finance for property development. But Oldenberg is adamant: "The time has come to educate UK lenders to our way of thinking. We offer a safe, centrally co-ordinated and underwritten investment vehicle for banks, pension funds, life offices and even building societies. By December, we aim to have originated a big deal to show what we can do."

The intention is to service the local and other European property markets but, at the same time, to take European funds into American real estate and U.S. money back to the continent. Given current returns in Europe, the traffic in investment finance might well be one-way, but Oldenburg says markets change and he has been encouraged by the initial response from people he thought might not quite approve of either his expansive, back-slapping approach or his ideas. The race is on to find a Chinese gong before the first one million dollar deal is closed.

Second-hand space suffers in surplus

ANYONE looking for further evidence that the worm has turned and that the property market is now being led by the occupier rather than being pushed by the investor need look no further than the stylish streets of Mayfair and St James's.

For the most vivid, single picture to emerge from an exhaustive, fact-packed analysis of the West End property market, just produced by Richard Ellis, is of acres of second-hand office property standing empty, and remaining so, despite a revival in the lettings market which now appears to be underway.

According to Chris Rowe at Ellis: "There has got to be a change of attitude towards older properties on the part of their owners. Many landlords are nervous when it comes to grasping the problem, but unless they are prepared to wave goodbye to performance growth and to watch their asset base diluted, action to ensure their properties match market requirements will become increasingly vital."

The Ellis report clearly underlines the problem facing owners of second-hand properties which are past their prime and which are unlikely to benefit from an improving market in which tenants are going to prove much more choosy.

Ellis calculates that the West End market — amounting to about 80m sq ft of floor space—now has something like 4¾m sq ft available. Three years ago the figure was less than 1¾m sq ft.

But the agents emphasise that, despite the huge stockpile, the prime market is not over-supplied and demand for the best space has been showing distinct signs of improvement.

Of the near 5m sq ft total availability, a relatively small proportion—about 1¾m sq ft—is available in new schemes or in buildings which have undergone substantial refurbishment.

When set against last year's take-up of new, speculative space of around 1.2m sq ft (up from an average 750,000 sq ft a year in 1981 and 1982 and likely to be broadly repeated this year) the over-supply picture becomes clearer and spells out bad news for the second-hand market.

For little more than 500,000 sq ft of older office space was taken up by tenants last year and even some modest improvement in this level is not going to have much of an impact on the 3m sq ft available.

Ellis reckons that much of it has no future in its present form and will have to be withdrawn for improvement and re-offered. Multiple units and shorter leases will need to be the order of the day.

The agents believe that the West End market has at least moved into a new and pronounced upwards cycle, although it is hardly hyper-optimistic about prospects. Rents for most properties might, it believes, bide their time for some while yet before showing any significant growth.

Funding fixed for Timpsons

DETAILS have emerged of the funding by Commercial Union and Scottish Amicable of some of the properties involved in the management buy-out of the William Timpson shoe shop chain from Hanson Trust.

The Timpson family, together with an institutional investment consortium, are buying out the business for £40.4m—part of a planned series of disposals from the UDS group, which was acquired by Hanson earlier this year.

In separate transactions, Commercial Union is to pay Hanson £15.8m for 32 Timpson shops while Scottish Amicable will buy 17 properties for £12.33m. The shops, which are good quality and in prime trading locations around the country, will be leased back to Timpson.

It is understood that a third institution will be purchasing another, smaller package of shops and that this deal will go through shortly. Timpson will still be left, however, with a considerable number of property assets.

Healey and Baker is acting for Timpson in the transactions while Herring Son and Daw and Jones Lang Wootton have been acting for the purchasers.

No early review of planning rules—DoE

HOPES that recent Ministerial efforts to make local authorities adopt a more flexible approach to planning could be followed by early changes in regulations governing use classes have been dashed by the Department of the Environment.

The debate within the development industry about the need for changes to existing use classes, in view of the changing profile of many development schemes, has been gathering pace for 18 months.

"The development industry wants to see specific modifications to the Town and Country Planning (Use Classes) Order 1972 and last week's draft circular from Patrick Jenkin, the Environment Secretary, at least gave grounds for some optimism that the Government was getting the message.

But now his circular is being seen as the likely extent—for the time being at least—of any iniative to overcome what the industry sees as a major problem and this week a DoE official clarified the position.

"The Government has not ruled out the possibility of changes to the 1972 Order but it does not, at the moment, believe that the need for them has been demonstrated."

The most common classes in the present order, relating to commercial property are I to IV—covering shops, offices, light and general industrial space—and Class X for warehousing. The common complaint is that "high tech" space does not fall neatly into any one category.

"In traditional mechanical engineering," said one property man, "a manager could control 200 workers and one foreman 100, so a 90:10 ratio between production and office space was adequate. Nowadays," he maintained, "white collar and white-coat workers can add up to 50 per cent of the labour force."

The DoE wonders whether the controversy is really about development rights or the chance to maximise rents. "Values tend to be governed by the way the Order operates," its man noted with an air of cynicism.

He sees considerable advantages in relying on flexibility of interpretation. On the suggestion of a specialised class for high tech, the DoE cites considerable problems in defining what "high tech" is—and reasonably so, with some professionals still defining it in terms of the components of a building, rather than in the use to which it is put.

It would, says the Department, involve abstracting uses from Classes III and IV, breaking them up into III, IV and "high-tech," and building increasing inflexibility into the system.

It happens that the ISVA has a committee charged specifically with demonstrating the need for changes to the Use Order. So the debate is by no means at an end.

WILLIAM COCHRANE

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday September 30 1983

EEC unveils plan to broaden farm aid, Page 38

WALL STREET

Funds rate obscures credit path

A DAY of indecision and reluctance to make fresh commitments developed on the stock and bond fronts on Wall Street yesterday as an erratic and distorted Federal Funds rate made clarity on the U.S. credit course difficult to discern, *writes Gordon Cramb in New York.*

The Dow Jones Industrial average closed down 1.83 at 1,240.14.

Fed Funds this week have veered as low as 5 per cent at one stage on Tuesday and up to 11 per cent late on Wednesday under the combined spell of the Federal Reserve member – bank's weekly and end-of-quarter settlement manoeuvres.

The rate began at 9½ per cent, at which level the Fed indicated its disinclination to see Funds above the more recently favoured 9 per cent by stepping in with one and four-day system repurchases to aid liquidity.

Dealers in government securities spoke of a mixture of disappointment and confusion at a Funds rate again so strong. One said: "No one has been able to figure Funds for two weeks. We knew the decline was mostly technical, but people become optimistic all the same. Now it's up again, but today has been so quiet that it's hard to draw any conclusions."

With retail business almost at a standstill, the institutions marked bill and bond rates cautiously upward.

For the stocks side, one of the liveliest individual showings yesterday was featured on the often comatose American Stock Exchange, and it involved a foreign security available to U.S. investors in American depository (ADR) form – Imperial Chemical (ICI) of the UK.

The activity started ahead of an announcement that it was to seek a full New York Exchange listing for its ADRs. It led the Amex actives list by a factor of about 17 at one stage and put on $⅝ to $8¾. Notable among a flock of block trades was one of 1m shares at $8¾, while several in the order of 100,000 to 200,000 crossed in the morning at $8¾.

Another focus of Amex attention was Continental Airlines after pilots' leaders at the stricken carrier called for a work stoppage, although the company claimed it had enough support to keep flying. Continental slid a further $⅜ to just $3 while Texas Air, its majority shareholder, came down $⅝ to 4⅞.

On the Big Board, TWA shared $1⅛ to $8½ and the parent, Trans World, rose $1 to $30⅝.

The emergence of the awaited absorption of Republic Steel into LTV, at a value in the $35 range, led to a $1¼ upward adjustment for Republic at $27⅞ and $1⅛ downward for LTV at $16½.

Armco, another steel group, dipped $¼ to $20 on the sale of its oil and gas unit and other moves designed to bolster its cash position.

Elsewhere, Allis-Chalmers, which is selling its precision components division, slipped $⅛ to $17⅝ while sugar producer Amstar, reporting a possible leveraged buyout, jumped $2½ to $36⅝, before a trading halt.

ACF Industries, with Mr Carl Icahn still in the wings, fell $1⅛ to $50¾, Harris Bankcorp, which confirmed talks with a suitor believed to be Bank of Montreal, shed $⅜ of a $1 gain on Wednesday to stand at $59.

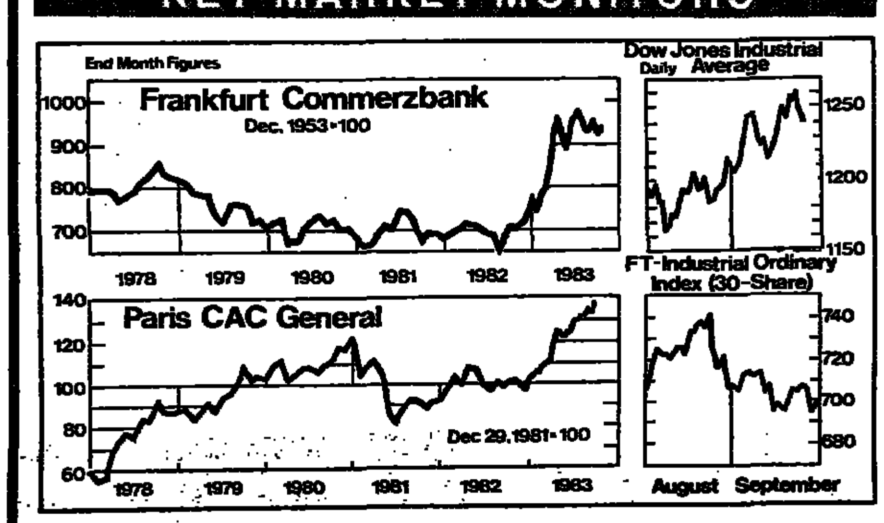
Substantially improved results for the first quarter at National Semiconductor were still not good enough for the market, and its stock relinquished $2 to $55.

General Instrument declined $1 to $33⅞. The company is planning a French joint venture.

In the ill-attended credit markets, the benchmark long bond, the Treasury's 12 per cent issue due in 2013, eased ⅜₂ in price to yield 11.49. Rates on short-term Treasury Bills, a more reliable guide to interest rate trends generally when technicalities put Fed Funds awry, showed discounts of 8.80 per cent for the three-month, just one basis point firmer than late quotations on Wednesday, and 8.94 for the six-month, which was one basis point easier.

Corporate and municipal paper was similarly quiet and featureless, with prices showing a lower bias, if anything.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 29	Previous	Year ago
NEW YORK			
DJ Industrials	1241.06*	1241.97	906.27
DJ Transport	564.48*	566.32	364.96
DJ Utilities	134.54*	134.97	116.00
S&P Composite	167.50*	168.01	121.63
LONDON			
FT Ind Ord	699.7	696.9	578.1
FT-A All-share	446.86	446.11	361.81
FT-A 500	484.04	483.02	403.30
FT-A Ind	434.56	433.22	377.95
FT Gold mines	601.5	622.6	355.2
FT Govt secs	81.90	82.07	79.87
TOKYO			
Nikkei-Dow	9432.61	9445.32	6979.09
Tokyo SE	692.35	694.37	527.07
AUSTRALIA			
All Ord.	721.9	716.3	510.1
Metals & Mins.	573.8	569.5	404.0
AUSTRIA			
Credit Aktien	55.05	55.01	47.91
BELGIUM			
Belgian SE	131.55	131.78	101.75
CANADA			
Toronto Composite	2555.4*	2561.5	1612.5
Montreal Industrials	456.97*	461.78	295.08
Combined	431.74*	435.34	278.69
DENMARK			
Copenhagen SE	197.74	197.64	90.36
FRANCE			
CAC Gen	139.3	138.2	99.6
Ind. Tendance	148.3	148.3	115.2
WEST GERMANY			
FAZ-Aktien	317.20	317.01	234.44
Commerzbank	941.20	941.3	709.3
HONG KONG			
Hang Seng	767.35	777.0	986.36
ITALY			
Banca Comm.	194.5	194.58	162.21
NETHERLANDS			
ANP-CBS Gen	142.9	143.0	88.1
ANP-CBS Ind	116.3	116.3	68.9
NORWAY			
Oslo SE	207.10	207.2	102.98
SINGAPORE			
Straits Times	979.2	980.75	664.93
SOUTH AFRICA			
Golds	859.0	860.20	671.7
Industrials	955.8	955.80	681.8
SPAIN			
Madrid SE	116.05	115.82	98.16
SWEDEN			
J & P	1474.65	1481.42	674.34
SWITZERLAND			
Swiss Bank Ind	334.4	335.0	251.4
WORLD	Sep 28	Prev	Yr ago
Capital Int'l	182.3	182.1	135.1

GOLD (per ounce)

	Sept 29	Prev
London	$409.50	$413.375
Frankfurt	$410.97	$413.50
Zürich	$410.50	$413.50
Paris (fixing)	$412.07	$415.81
Luxembourg (fixing)	$409.50	$414.00
New York (Oct)	$403.30*	$411.00

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Sept 29	U.S. DOLLAR Previous	STERLING Sept 29	STERLING Previous
$	–	–	1.5005	1.499
DM	2.6405	2.644	3.9615	3.965
Yen	236.75	236.8	354.78	355
FFr	8.01	8.0175	12.015	12.015
SwFr	2.1305	2.1310	3.1985	3.1975
Guilder	2.9505	2.9590	4.4305	4.4375
Lira	1598.50	1598.75	2405.50	2396.5
BFr	53.51	53.49	80.60	80.30
C$	1.23275	1.23275	1.8504	1.848

INTEREST RATES

	Sept 29	Prev
Euro-currencies (three month offered rate)		
£	9½	9⅝
SwFr	4⅗₁₆	4¼
DM	5¾	5¾
FFr	14⅛	14⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9⅝₁₆
6-month U.S.$	9¹³⁄₁₆	9¾
U.S. Fed Funds	9⅝*	9¼
U.S. 3-month CDs	9.35*	9.05
U.S. 3-month T-bills	8.80*	8.79

U.S BONDS

Treasury	Sept 29 Price	Sept 29 Yield	Prev Price	Prev Yield
10⅜ 1985	100¹⁵⁄₃₂*	10.55*	100¹⁷⁄₃₂	10.53
11½ 1990	100⁵⁄₃₂*	11.44*	102⁵⁄₃₂	11.45
11⅞ 1993	102⁵⁄₃₂*	11.48*	102¹¹⁄₃₂	11.49
12 2013	104⁵⁄₃₂*	11.49*	100⁷⁄₃₂	11.49
Corporate	Sept 29		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	94*	11.70*	94⅜	11.60
3⅞ July 1990	69½*	10.25*	69½	10.25
8¾ May 2000	76½*	12.05*	76½	12.05
Xerox				
10⅞ March 1993	92.61*	11.95*	93¼	11.85
Diamond Shamrock				
10⅜ May 1993	91½*	12.15*	91¾	12.10
Federated Dept Stores				
10⅜ May 2013	86*	12.12*	88.525	12.05
Abbot Lab				
11.8 Feb 2013	97¾*	12.14*	97.954	12.05
Alcoa				
12¼ Dec 2012	97.26*	12.60*	97.26	12.60

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	72–10	72–12	72–03	72–16
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.10	90.12	90.09	90.12
Certificates of Deposit (IMM) $1m points of 100%				
September	90.82	90.85	90.81	90.85
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.24	90.25	90.19	90.32
20-year Notional Gilt £50,000 32nds of 100%				
September	107–08	107–13	106–31	107–13

COMMODITIES

(London)	Sept 29	Prev
Silver (spot fixing)	781.30p	794.20p
Copper (cash)	£997.50	£1007.00
Coffee (Sept)	£1818.50	£1812.50
Oil (spot Arabian light)	$28.57	$28.62

LONDON

Excitement yields to slow going

VOLUME remained limited in London, with apparently more activity taking place outside the market between police and anti-nuclear demonstrators. Early trade was affected but, once inside the exchange, dealers found the going slow. Interest generally centred on speculative issues and on those companies making trading statements.

Leading blue chips opened lower despite the optimism about the UK economy and interest rates expressed by the UK Chancellor at the IMF Washington meeting.

The slightly easier tone at the outset was soon replaced by firmer conditions and the FT Industrial Ordinary index was finally 2.8 up at 699.7.

South African gold shares took a turn for the worse in the continued absence of support, with the FT Gold Mines index dropping 211.1 to 601.5. *Details, Page 33; Share Information, Pages 34–35.*

HONG KONG

TENTATIVE early gains in **Hong Kong** prices were wiped out by Hongkong Land's announcement of a HK$ 107m loss for the first half of 1983, against HK$ 543m profits a year earlier. The issue rapidly shed 22.5 cents to close at HK$ 2.475, bringing the rest of the property sector with it.

Trading stocks were similarly affected by Jardine Matheson's announcement of interim profits down from HK$ 298m last year to HK$ 101m.

Disappointment at these results was reflected in Hutchison Whampoa, 30 cents off at HK$ 9.60 and Cheung Kong, down 15 cents at HK$ 6.45.

AUSTRALIA

THE softness of world gold and base metal prices and Wall Street's continued decline were ignored by investors in Sydney yesterday. Prices ended their two-day retreat, and the All Ordinaries index advanced 5.5 points to 721.9.

Resource shares were among the leading performers, partly because of the exercise of options as the quarter draws to a close.

SINGAPORE

BARGAIN hunting towards the close took selected issues ahead in an uncertain **Singapore** market. Losers were in the majority, however, and the Straits Times index eased 1.55 points to 979.20.

Most active stock was the recently reinstated United Engineers, which closed 5 cents up at S$1.03.

SOUTH AFRICA

GOLD shares continued to decline in **Johannesburg** yesterday, extending their opening losses in strong selling as the bullion price eased further.

Heavyweight Kloof fell R2.75 to R50.00 while lightweight Grootvlei lost R1 to R18.00.

Other mining and financials stocks generally mirrored golds.

CANADA

OILS and gold stocks continued to post large losses in **Toronto** yesterday where most issues opened lower.

The composite index, which in the past two days has lost 37 points, was down another 6.2 points by midsession to stand at 2,555.4.

TOKYO

Uneasiness ends 7-day price spiral

SELLING OF blue chips and large-capital issues amid growing concern over the recent price rises and a further decline on Wall Street left share prices lower in Tokyo yesterday. Bond prices eased under selling pressures, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow Jones index, which ended a seven-day gain of 304.07 points on Wednesday, shed 12.71 to close the day at 9,432.61 on a slightly diminished volume of 401.97m shares against the previous day's 466.35m.

The stock market, which had continued gaining ground on selective buying of blue chips and speculative issues turned lower – except for some speculatives – as uneasiness grew over the unprecedented high reached on Wednesday.

In the absence of foreign buying, many leading stocks followed the Wall Street's example. TKD lost Y100 to Y5,250, Alps Electric Y80 to Y2,430, Matsushita Electric Industrial Y30 to Y1,730 and Sony Y30 to Y3,670. Heavy electrical issues also slipped, with Hitachi easing Y6 to Y913 and Mitsubishi Electric Y8 to Y432.

Konishiroku Photo also lost ground on reports that a large camera-maker in South Korea to which the company had supplied components had gone bankrupt. Its stock fell Y30 to Y635. Fuji Photo Film eased in sympathy, shedding Y30 to Y2,370.

Losses were posted by large-capital shipbuilding and synthetic fibre issues which are expected to gain strength in the new business year for securities firms which begins in October.

Mitsubishi Heavy Industries backtracked Y8 to Y261, Ishikawajima-Harima Heavy Industries Y3 to Y167, Asahi Chemical Y4 to Y396 and Toray Y7 to Y424. But Nippon Express – a large-asset issue – rose Y4 to finish at Y300.

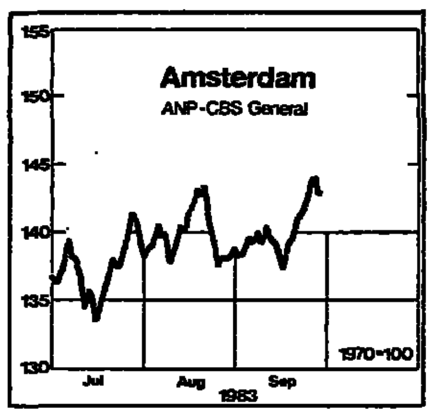
In the pharmaceutical sector, Fujisawa Pharmaceutical skidded Y13 to Y898 amid growing worries about its alleged illegal acquisitions of new drug data.

Selling spilled over to Takeda Pharmaceutical, down Y15 at Y791, Yamanouchi Pharmaceutical Y20 to Y1,680 and Kaken Pharmaceutical Y50 at Y1,460.

Sanraku-Ocean benefited from increased liquor sales and renewed investor interest in its biotechnology division. It jumped Y45 to close at Y610.

In the bond market, city banks, regional banks and other financial institutions discontinued selling bonds because yields had staged a sharp upturn. Buyers, however, remained on the sidelines.

As a result, the yield of the long-term 7.5 per cent issue maturing in January 1993 closed unchanged at 7.77 per cent but moved fractionally higher in the inter-broker market.



EUROPE

Uncertainty prevails in dull trading

RENEWED UNCERTAINTY about the direction of interest rates resulted in featureless trading in **Frankfurt** yesterday. Prices closed narrowly mixed. Some dealers still believe rates are on the way down despite Wednesday's sharp rise in U.S. Federal Funds, but investors appeared unconvinced.

The Commerzbank 60 share index mirrored the lack of tone, moving a minimal 0.1 point upward to 941.2.

In banks, Dresdner came through unchanged at DM 173, but Deutsche shed DM 3 to DM 306 and Commerzbank DM 2 to DM 169.50. Among Munich-based banks, Bayernhypo lost DM 4.50 to DM 277.50 but Bayernverein climbed DM 6 to DM 322.

Daimler and BMW each eased 50 pfg to DM 579 and DM 382.50 respectively, and VW lost DM 1 to DM 217.50. Tyre maker Conti-Gummi rose, however, by DM 1.80 to DM 113.80.

Chemicals were firmer with Bayer adding DM 1.30 to DM 151.80, BASF 80 pfg to DM 151.20 and Hoechst 50 pfg to DM 157.

Electricals saw Siemens DM 1.50 ahead at DM 347 and Brown Boveri DM 2 lower at DM 216.

Domestic bonds eased after the lower close on U.S. credit markets, with losses of up to 20 basis points being recorded.

A government report forecasting a fall in French industrial production in coming months combined with concern over the higher call-money rate to end an early rally in **Paris.** Profit-taking contributed to the decline.

Creusot-Loire shares were temporarily suspended limit-down after the failure of its board to approve a government aid plan, then fell FFr 4.80 to FFr 59.

Reports of first-half losses sent Imetal FFr 3.90 lower to FFr 61.5 and Vallourec down FFr 5 to FFr 81.

In motors, Peugeot fell FFr 2 to FFr 212 and Michelin FFr 4 to FFr 810

Prices were narrowly mixed in a trendless **Amsterdam** market as investors waited for Wall Street to provide direction.

Isolated bright spots were Heineken, traded Fl 2.80 higher at Fl 137 on positive recommendation from U.S. analysts. KLM rose Fl 4 to Fl 147, on demand for the 1.34m issue of new stock.

In internationals, Hoogovens edged 20 cents higher to Fl 36, but Royal Dutch lost 10 cents to 137.30. Philips and Unilever each lost 50 cents to Fl 46.70 and Fl 230.50 respectively.

Domestic shares were mixed and internationals lower in moderate trading in **Brussels.** Prices varied within a narrow range.

The strength of the domestic bond market apparently spilled over into equities in **Zurich** and prices recovered strongly from early lows. Easier Swiss money market rates and the stock market's soft tone sparked renewed demand for bonds

In **Milan,** turnover remained limited ahead of Government plans to reduce the budget deficit. Prices closed mixed

Banks firmed but electricals lost ground in quiet trading in **Madrid.**

INVESTMENTS FOR SALE

NORTHINGTON STREET, WC1. Freehold mixed investment let and producing £6,032 per annum. E.R.V. £8,500 in December 1983. Price £85,000. Apply N. Genis: 723 3675.

ALDEBURGH, SUFFOLK. Capital investment High Street property comprising large shop as let together with vacant maisonette above and large garden. £60,000. Ref. 6416. Sole Agents. Flick & Son, Old Bank House, Saxmundham, Suffolk (Tel. 0728-3232).

UXBRIDGE 100% I.B.A. Units for Sale. Pre-lets arranged. Tel. 01-637 3146.

75% I.B.A. Investments for Sale. Wakefield, West Yorks. 17,000 sq. ft., available in toto or in units of 5,700 sq. ft. Completion November. Details Wentworths, Egham 31226.

75% I.B.A. Investments for Sale. Waterlooville, Hants. 24,000 sq. ft. in up to 3 units available as a whole or part. Completion late Spring. Details Wentworths, Egham 31226.

FOR INVESTMENT

FACTORIES AND WAREHOUSES

CRAWLEY/GATWICK AIRPORT within 1 mile. Factory/Warehouse To Let. Last remaining Unit 4,967 sq. ft. available now. Henry Butcher & Co. (Ref. GL) 01-405 8411.

ALDERSHOT, HANTS. Factory/Warehouse To Let. 9,611 sq. ft. Office content of up to 45% possible. Valuable incentives available to ingoing tenant. Henry Butcher & Co. (Ref. GL) 01-405 8411.

LAND FOR SALE

IPSWICH. Gateway to Europe. Approximately 12 acres Industrial/Employment Land. Situate off and with easy access to the new Ipswich By-pass, with access to Ipswich Docks, Felixstowe Docks, The Midlands and London. Ipswich Borough Council as landowner invites proposals for the marketing and development of this exceptional and strategic site. Further details from: Chief Estate Surveyor, Ipswich Borough Council, Civic Centre, Civic Drive, Ipswich. Contact: M. Hammond, ARICS, Tel: Ipswich 211211, Ext. 313.

OFFICES TO LET

N.W.10. 7,437 sq. ft. Modern offices close to Central Line Station to let at low rent. Ealing rates. 12 car spaces. Mills & Wood, 01-499 0934.

MAYFAIR—Suites of luxury furnished offices available immediately in prestige building. Ideal for senior company directors. Secretarial services in-house. Albemarle Administration, 01-493 8166.

ST. JAMES'S AREA. Services luxury offices in the heart of the historic St. James's area. Fully furnished with period furniture and available now. Telephone Miss Farrar, 01-408 2007.

CITY OFFICES TO LET. Close to Lloyds. Suites from 1,100-3,000 sq. ft. Apply Grimley & Son, 01-836 9654.

ST. SWITHIN'S LANE, EC4. Superb offices. 267-1,000 sq. ft. approx. 626 8944.

WESTGATE-ON-SEA, KENT. Prestige office building, main road position, 2,000 square feet net. For sale or might let. £55,000 freehold. Robert Crittenden & Partners, 0843 21404.

UNDER £10 per sq. ft. inclusive 5,800 sq. ft. offices in Tower Block close to station, near Wembley all amenities. 01-903 0121.

AN OFFICE TODAY avail. in luxury serviced office complex adj. Selfridges and Mayfair. Singles from 100 sq. ft., suites up to 1,000 sq. ft. Full services. Call: Jill Snowdon 01-486 8591.

OFFICES

1-25 CRAMER STREET (Off Kingsland Road). 31,000 sq. ft. modern building let to British Olivetti Ltd. Rent review this year. F/H investment. For sale by auction October 11. Harman Healy, 01-405 3581.

FOR SALE BY AUCTION

SCOTTISH ISLANDS—3 attractive islands off the Isle of Lewis, Western Scotland. For sale by auction in single lots with low reserves. October 11, 1983 (unless sold prior). HARMAN HEALY & CO., 14 Roger Street, London, WC1. 01-405 3581.

FOR SALE

COLCHESTER, ESSEX. Modern purpose built club premises. 4,176 sq. ft. Suitable for alternative uses, subject to planning. For sale freehold. Details from Bairstow Eves, 2a, Queen Street, Colchester. Tel. 0206-48244.

INTERNATIONAL PROPERTY

The Rank Organisation Plc

U.S. $25,000,000 8¾% Bonds 1986

NOTICE IS HEREBY GIVEN that at a drawing on 21st September, 1983 in the presence of a Notary Public, the following Bonds were drawn for redemption at their principal amount on 1st November 1983. Interest on such Bonds will cease after such date. The nominal amount of Bonds outstanding after 1st November, 1983 redemption is U.S.$7,896,000.

2,500 Bonds of U.S. $1,000=U.S. $2,500,000

179	1960	3658	7394	10621	13193	15076	15787	16801	17468	18325	19116	20224	20895	22063	22729	23623	24364
181	1965	3662	7404	10642	13196	15098	15796	16845	17483	18327	19139	20239	20999	22090	22730	23634	24366
183	1972	3704	7406	11141	13303	15099	15799	16849	17486	18328	19140	20242	21000	22092	22738	23641	24369
185	1991	3707	7419	11207	13370	15100	15803	16852	17490	18330	19143	20243	21002	22094	22741	23643	24370
187	2003	3713	7424	11212	13373	15105	15806	16863	17492	18339	19149	20245	21003	22097	22742	23645	24373
191	2046	3716	7430	11216	13377	15106	15808	16864	17494	18346	19158	20248	21005	22103	22743	23681	24378
198	2067	3717	7431	11218	13379	15107	15819	16868	17496	18351	19166	20256	21008	22109	22747	23683	24381
235	2069	3748	7437	11219	13391	15108	15822	16870	17497	18354	19170	20259	21012	22112	22751	23688	24386
240	2076	3749	7438	11301	13400	15110	15832	16875	17509	18355	19171	20261	21014	22113	22753	23689	24387
242	2093	3832	7439	11430	13404	15115	15858	16881	17511	18356	19177	20264	21025	22114	22754	23692	24388
244	2157	3873	7507	11431	13409	15116	15859	16883	17512	18362	19179	20276	21027	22124	22763	23697	24389
248	2161	3876	7511	11433	13424	15121	15862	16890	17514	18366	19501	20281	21038	22127	22764	23699	24396
253	2163	3883	7513	11435	13426	15125	15864	16891	17519	18382	19507	20285	21038	22132	22773	23702	24401
255	2201	3947	7516	11437	13430	15132	15865	16894	17521	18384	19510	20287	21039	22141	22774	23703	24402
257	2205	3967	7520	11438	13434	15138	15873	16897	17522	18387	19517	20288	21100	22145	22783	23705	24406
259	2210	3979	7521	11440	13444	15140	15877	16899	17537	18390	19536	20290	21101	22150	22784	23711	24410
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1794	3337	7257	9357	12803	14667	15692	16628	17388	18267	18983	20145	20910	22024	22657	23556	24283	24935
1797	3339	7290	9358	12822	14695	15694	16635	17391	18268	18984	20146	20922	22027	22659	23567	24289	24940
1799	3344	7291	9435	12830	14723	15714	16640	17392	18270	18988	20151	20925	22038	22666	23573	24293	24941
1815	3348	7320	9521	12843	14763	15715	16641	17396	18273	18996	20152	20930	22037	22667	23582	24296	24949
1877	3352	7340	9525	12848	14764	15727	16645	17401	18278	19001	20158	20932	22039	22669	23583	24297	24970
1978	3357	7343	9579	12850	14765	15728	16647	17403	18279	19003	20163	20935	22050	22673	23584	24299	24972
1983	3360	7347	9626	12854	14766	15731	16654	17407	18286	19014	20165	20949	22058	22676	23587	24304	24974
1849	3361	7352	9829	12863	14967	15733	16655	17415	18287	19019	20174	20950	22063	22683	23596	24307	24975
1900	3362	7356	9830	12866	14968	15735	16656	17416	18292	19027	20178	20955	22067	22687	23600	24312	24978
1918	3365	7360	9832	13096	14973	15736	16657	17419	18294	19030	20184	20960	22068	22689	23603	24316	24980
1919	3370	7364	9837	13102	14975	15741	16658	17420	18296	19036	20186	20963	22070	22693	23604	24325	24992
1921	3371	7365	9838	13103	14985	15744	16664	17426	18305	19037	20187	20968	22071	22694	23605	24326	24993
1925	3449	7374	9839	13104	14987	15751	16789	17429	18307	19055	20196	20971	22074	22697	23606	24333	24996
1927	3453	7375	10252	13122	14989	15754	16793	17432	18314	19059	20203	20987	22077	22700	23608	24344	24997
1943	3631	7382	10335	13125	15058	15755	16794	17433	18318	19066	20206	20991	22079	22709	23612	24346	24999
1948	3632	7385	10344	13140	15066	15763	16796	17435	18323	19068	20207	20988	22080	22710	23614	24347	
1966	3639	7390	10620	13168	15075	15778	16799	17465	18324	19079	20220	20994	22082	22719	23619	24363	

On or after 1st November, 1983 the above Bonds may be presented for redemption at their principal amount at the agency of The Chase Manhattan Bank N.A., Municipal Bond and Note Paying, 1 New York Plaza, 14th Floor, New York 10081, U.S.A., The Principal Paying Agent, or at the specified offices of the paying agents appointed as mentioned in the terms and conditions printed on the reverse of each Bond. Each of the above Bonds when presented for redemption must be accompanied by all the coupons maturing subsequent to the redemption date. If such coupons are not attached, the amount of the missing unmatured coupons will be deducted from the sum due for payment.

The following Bonds are still outstanding from the drawing held on 23rd September, 1977 for redemption on 1st November, 1977. They may be presented for redemption to the Principal Paying Agent or other paying agents as referred to above.

251 1067 1942 3709 3842 3880 6179 9428 11100 11613 12050 15491 21369 24871.

For and on behalf of
The Rank Organisation Plc
B.C. Owers, Secretary

DATED 30th September, 1983

COMPANY NOTICES

NACIONAL FINANCIERA, S.A.

U.S.$125,000,000

Floating Rate Notes due 1988

(EXTENDIBLE AT THE NOTEHOLDER'S OPTION TO 1991)

NOTICE IS HEREBY GIVEN that the rate of interest for the period from 28th September, 1983 to 28th March, 1984 has been fixed at [illegible] per cent per annum.

On 28th March, 1984 interest of US$[illegible] per US$1,000 nominal amount of the Notes and US$[illegible] per US$10,000 nominal amount of the Notes will be due against Interest Coupon No. 6.

SWISS BANK CORPORATION
Agent Bank

IN THE SUPREME COURT OF SOUTH AFRICA
(Witwatersrand Local Division)

IN THE MATTER OF THE APPLICATION OF SENTRUST LIMITED
("the Applicant")

NOTICE IS HEREBY GIVEN that in terms of an Order of the Supreme Court of South Africa (Witwatersrand Local Division) dated [illegible] in the above matter, the Court has directed that a meeting of holders of ordinary shares in the Applicant other than U.C. Investments Limited be held at [illegible] on Tuesday, 25 October 1983 in the boardroom, ground floor, Union Corporation Building, 74/78 Marshall Street, Johannesburg, 2001, under the chairmanship of [illegible] or failing him a partner in the firm of Webber Wentzel & Co. nominated by it for the purpose of considering and, if deemed fit, approving, with or without modification, the scheme of arrangement ("the scheme") proposed between the Applicant and its ordinary shareholders. [illegible]

A copy of the scheme of arrangement and a statement in terms of section 312(1) of the Companies Act, No. 61 of 1973 (as amended) explaining the scheme and of the Order of Court convening the meeting may be obtained on request during normal working hours on any business day from the company's registered office, [illegible], Johannesburg, 2001 or Gencor (U.K.) Limited, 30 Ely Place, London EC1N 6UA, or from Central Merchant Bank Limited, [illegible], Johannesburg, 2001 until the scheme has been sanctioned by the Court.

Each holder of an ordinary share in the Applicant other than U.C. Investments Limited, and if a member is a body corporate, its representative, is entitled to attend and vote at the meeting and is entitled to appoint one or more proxies. Every member present in person (including representatives of bodies corporate) or by proxy shall, on a show of hands, have only one vote, irrespective of the number of shares he holds or represents. Upon a poll each member present in person (including representatives of bodies corporate) or by proxy shall have one vote for every share held by him. On a poll a person entitled to more than one vote need not, if he votes, use all his votes, or cast all the votes he uses in the same way. A proxy need not be a member of the Applicant. The required red form of proxy may be obtained on request from the addresses given above.

Each signed proxy must be lodged with or sent to the company's transfer secretaries, General Mining Union Corporation Limited, Share Transfer Department, 74/78 Marshall Street, Johannesburg, 2001 (P.O. Box 61357, Marshalltown, 2107) or Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL to be received by not later than 09h30 (Republic of South Africa or United Kingdom local time whichever is applicable) on Monday, 24 October 1983.

In terms of the Order of Court, the chairman of this meeting will report the result thereof to the above Honourable Court on Tuesday, 1 November 1983.

The scheme of arrangement is subject to it being sanctioned by the Court and to the conditions stated therein.

Shareholders registered as such at the close of business on Friday, 21 October 1983 other than U.C. Investments Limited will be entitled to attend and vote at the scheme meeting.

WEBBER WENTZEL & CO.
11th Floor
Standard Bank Centre
78 Fox Street
Johannesburg, 2001
30 September 1983

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
45 Queens Road, Oldham
Greater Manchester

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office on Tuesday, 18th October 1983 at 10.30 a.m.

AGENDA
1. To Amend Tables ORHW1 & ORHW8.
2. To close Table OR2 and approve new Table OL1 with appropriate amendment to Rule 9(0).
3. To Amend Rule 9(1).

(Signed) D. R. REES, Secretary.

U.C. INVESTMENTS LIMITED (UCI)

(Incorporated in the Republic of South Africa)

SENTRUST LIMITED (SENTRUST)

(Incorporated in the Republic of South Africa)

NOTICE OF GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that a general meeting of members of the companies set out above will be held in the Board Room, Ground Floor, Union Corporation Building, 74/78 Marshall Street, Johannesburg, 2001 on 25 October 1983, at the times (South African) set out below for the purpose of considering and, if thought fit, passing, with or without modification, the resolutions full details of which have been posted to members today.

UCI	10.10 hours.
SENTRUST	09.50 hours or immediately after the meeting of scheme members summoned for 09.30 hours whichever is the later time.

By order of the Boards
per pro GENCOR (UK) LIMITED
London Secretaries
L. J. Baines
30 September 1983

DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC CO) DESIGNATED COUPON No. 50

(Action Required on or Prior to 31st October 1983)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th, 1970, among Tokyo Shibaura Electric Co., Ltd. (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on June 29th 1983, such stockholders approved the payment of a dividend of 3.50 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese Taxes, has been received by the Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 239.92 Yen per United States Dollar.

*The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividend such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.***

To determine entitlement to the lesser tax withholding rate of 15%, it is necessary that the surrender of Coupon No. 50 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 50. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below, upon surrender of Coupon No. 50.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Limited.	London, England.
The Bank of Tokyo, Limited.	Paris, France.
The Bank of Tokyo, Limited.	Brussels, Belgium.
The Bank of Tokyo, Limited.	Frankfurt, Germany.
Pierson, Heldring and Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro.	Roma, Italy.
Banca Nazionale del Lavoro.	Milan, Italy.
Kredietbank S.A. Luxembourgeoise.	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 50 from various denominations of Receipts.

Coupon No. 50 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$ 0.62	$ 0.58
10 Depositary Shares	$ 6.20	$ 5.84
20 Depositary Shares	$ 12.40	$ 11.67
50 Depositary Shares	$ 31.00	$ 29.18
100 Depositary Shares	$ 62.00	$ 58.35

Payment in United States Dollars in respect of Coupon No. 50 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.

Dated: 30.9.83

CHEMICAL BANK, as Depositary
180 Strand
London WC2R 1ET, England.

* 31st March 1983 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 50 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after October 31st 1983 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 50.

As a result, persons surrendering Coupon No. 50 after such date will be entitled to receive from Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

EDUCATIONAL

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	6¾	AAR	.44	2.9	20	335	15½	15½	15¼	+ ⅛
52⅛	29½	ACF	1.40	2.8	65	2799	51⅛	50	50⅝	−1⅛
20	14½	AMF	.50	2.9		378	17⅛	16⅞	17	− ⅛
38¾	13¾	AMR Cp			42	3602	28½	27⅞	28	
18½	14⅛	AMR	pf2.18	12		57	18⅛	18⅛	18⅛	
38⅛	24⅝	AMR	pf2.13	6.7		123	31¼	31⅛	31½	+ ⅛
15⅛	2½	APL				214	15⅛	14⅝	15⅛	− ⅛
55	31¼	ARA	2.05	3.9	13	50	52½	52	52	− ½
78⅝	42½	ASA	3a	5.2		1408	58⅛	57⅛	57½	−2½
30¼	9¾	AVX	s .32	1.1	68	117	29⅞	28	28	− ¾
51⅛	34½	AbtLab	1	2.1	19	871	50¼	48⅝	48⅝	−1½

Continued on Page 31

LONDON STOCK EXCHANGE

MARKET REPORT

U.S. support for ICI & Glaxo features equity leaders

Speculative oils lively again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

The volume of business in London Stock markets remained limited with seemingly more activity yesterday taking place outside of the market between the police and a horde of peace demonstrators. Early trade and attendance on the "House" floor was affected by the disturbances but, once settled inside the exchange, dealers found the going slow. Buyers held sway in the equity market and interest generally centred on the more speculative issues and on those companies reporting trading statements.

Following overnight weakness on Wall Street and lacking any fresh domestic incentive, leading blue chips opened lower despite the Chancellor's optimistic remarks at the IMF Washington meeting about the UK economy and interest rates.

The slightly easier tone at the outset was soon replaced by firmer conditions and the FT *30-share index* was finally 2.8 up at 699.7; the bulk of the rise resulted from improvements in recent U.S. favourites **Boots, Glaxo** and **ICI**; the last-mentioned was particularly prominent before, and after, the announcement that the group has formally applied for New York listing for the ADR facility.

Elsewhere, **Eagle Star** continued to attract a lively speculative business following Allianz's denial on Wednesday that it was about to sell its near-30 per cent stake in the company. Revived new-time buying of Irish oil exploration stocks featured Oils, with **Atlantic Resources** and **Eglington** prominent. **Sun (UK) Royalty** also stood out as one large buyer bought for new-time.

Buildings were enlivened by interim statements from **John Laing** and **George Wimpey**, while Stores were helped by mid-year figures from **House of Fraser** and **Harris Queensway**. In Motors, **BL** plummeted on concern about proposed lay-offs.

Although still confident that the decline in clearing bank base rates will materialise, the fact that easier rates in money markets again went unrecognised by the Bank of England sticking to existing intervention rates prompted renewed profit-taking in gilts. Closing falls among the longs stretched to ½. Short-dated maturities ended around $\frac{1}{16}$ easier and the FT Government Securities index eased 0.17 for a three-day reaction of 0.53 at 81.90. Dealings in the under-subscribed £1bn Treasury 9¾ per cent Convertible tap stock are expected to start today.

Eagle Star move

South African Gold shares took a turn for the worse in the continued absence of support with the FT Gold Mines index dropping 21.1 to 601.5.

Amid revived speculation about the Allianz stake, which brought the routine denial from the German group, Eagle Star traded briskly up to 497p before closing a net 7 up at 490p. **Phoenix** highlighted other Insurances with a rise of 12 to 328p; earlier this year, the company was the subject of U.S. bid rumours.

Leasing concerns were firm with **United** 3 better at 160p. **Baltic** ran into early profit-taking and reacted to 248p prior to meeting revived demand which took the price to its overnight level of 256p.

Buyers continued to shy away from the drinks sector and most held close to the overnight positions. **Merrydown Wine** provided an exception with a rise of 25 to 405p following a broker's visit.

Trading statements went some way towards relieving the lethargy in Buildings. **John Laing** firmed 4 to 147p and the "A" 3 to 145p following the doubled interim profits, but **George Wimpey** shed 3 to 115p with the half-year profits much as expected. **Aberdeen Construction's** half-time figures were deemed to be disappointing and the shares eased 4 to 182p. Elsewhere, **Edward Jones** attracted revived speculative support and put on 3 to 40p, but **Tilbury Group** encountered further profit-taking following the interim statement and shed that much, to 87p. **Helical Bar**, the subject of an agreed 65p per share offer from Exent, lost 5 to 80p, while **UBM** ended a shade easier at 125½p following the interim results, profit forecast and the rejection of the revised offer from Norcros. **Trent Holdings**, still reflecting the encouraging annual meeting, gained 12 to 220p in a thin market.

A resurgence of U.S. buying took **ICI** up 6 to 534p during the House session; the company's decision to apply for a New York listing, announced after the official close, prompted a further upsurge which left the shares 18 up at 546p.

Laporte eased 3 to 280p awaiting news from a meeting with analysts, but **Allied Colloids** improved 5 to 330p. **Leyland Paint** hardened ½ to 16½p on the reduced interim loss, while **British Benzol** firmed a penny to 17p, after 17½p, following a newsletter recommendation.

Stores subdued

Despite a number of encouraging company trading statements, Stores remained subdued with dealers again bemoaning the lack of institutional interest. **House of Fraser** held at the overnight level of 240p following the interim profits recovery, while **Harris Queensway** announced interim figures in line with market estimates and touched 300p before settling for a net gain of 2 at 294p. *Superdrug Stores*, on the other hand, eased a couple of pence to 258p after the first-half figures, while mail-order concern **Grattan**, up to 44p earlier, reacted to close a disappointing net 2 cheaper on balance at 40p, also following a disappointing interim statement.

Electrical retailers, in contrast, made a firmer showing under the lead of **Currys** which rose 7 to 332p in front of Monday's interim statement.

Suter provided a rare feature in Electricals, rising 5 to 72p, after 74p, in response to the optimistic interim statement; the Deferred closed similarly dearer at 60p. A revival of Hong Kong concern took **BSR** down 5 to 145p, while **Cray Electronics** lost recent firmness at 133p, also 5 lower. In contrast, **Air Call** moved up 15 to 375p and **Micro Business Systems** 10 to 500p, both in thin markets. Elsewhere, **Crystalate** picked up 4 at 166p.

Leading Engineerings presented a slightly more cheerful picture, but selected secondary stocks were adversely affected by trading statements. Disappointing first-half results lowered **APV** 23 to 325p, and **Beauford** gave up 4 at 55p on reduced interim profits. Ahead of the nine-months' figures, **Brooke Tool** rose 2½ to 14 and held that level on the after-hours' announcement. Profit-taking after recent strength on compensation hopes brought **Vosper** back 20 to 245p, *added the turn to 41p.* while **W. E. Norton** fell 2 to a low for the year of 20½p. **Belgrave (Blackheath)** continued the recent erratic trend to close 5 down at 75p. **Evered** were another casualty at 95p, a sharp loss of 15, but **A. Cohen** found limited support and gained 20 to a 1983 peak of 285p.

Ladbroke again stood out in Hotels and Caterers, rising 7 to 212p on institutional demand; the Warrants rose 8 to 168p. **Garfunkels** touched 171p before closing 3 dearer on balance at 168p following the good interim results and the encouraging statement.

Boots improve

Most Miscellaneous Industrial leaders managed to improve despite slow trading conditions. **Boots** were more active than most and gained 4 to 160p, while **Metal Box**, 256p, and **Reed International**, 300p, picked up the same amount. **Glaxo** claimed some late attention and closed 15 up at 800p. Elsewhere, interest revived in both **Polly Peck**, which rose 2½ to £27½, and the asociated **Cornell**, 8 up at 240p. **Hepworth Ceramic** responded to a broker's circular to end 8½ up at 131½p, while Press mention lifted **Scottish Heritable** a couple of pence to 54p. **Avon Rubber** were another firm spot at 127p, up 7, but renewed profit-taking lowered **Consultants (Computer and Financial)** 30 to 415p and **Applied Computers** 20 to 395p.

Hong Kong issues faded again with **Jardine Matheson** additionally influenced by dismal interim results which brought a close of 2 down at 80p, after 77p. **Hutchison Whampoa** reacted 3½ to 78½p.

Trident TV put on 3½ to a 1983 peak of 100½; The Monopolies Commission decision on whether Pleasurama would get the go-ahead to make another bid for the company is not expected until the middle of November. Comment on the interim results left **Nimslo** 4 lower at 55p, while **Riley Leisure** shed 6 to 185p on end-Account influences.

A rising market in recent weeks, **BL** encountered fresh profit-taking and dropped 10 to 55p after the announcement of temporary lay-offs following the cessation of production of the Ambassador model in November.

After Wednesday's jump of 59p following the bid approach from Sun Life Assurance, **North British Properties** rose to a peak of 160p before settling 3 dearer on balance at 155p. In contrast, **Amalgamated Estates** dropped 4½ to 9p on the doubled annual loss and rights issue proposal. Elsewhere, **Property Security Investment** found support and firmed 4 to 126p, while **Thames Investment** put on 3 more to 65p. The poor interim figures left **Hong Kong Land** a penny down at a low for the year of 21p.

Thursday's announcement that **Mercantile House** is prepared to take a controlling interest in a Stock Exchange member firm in the event of a change in present rules allowing the move prompted renewed support of **Akroyd and Smithers** which advanced 11 to record a two-day gain of 21 at 386p; Akroyd's financial year ends today.

Irish oils feature

Irish exploration issues regained the limelight in the Oil sector. **Atlantic Resources** were actively traded and touched 485p before closing 5 firmer on balance at 475p, while **Eglinton** made good progress to finish 50 higher at the day's best of 280p. Elsewhere, new-time buying, most of which emanated from one source, lifted **Sun (UK) Royalty** 80 to a 1983 peak of 360p. **Clyde Petroleum** firmed 2 to 127p, after 130p, following the satisfactory interim statement, but disappointment with the preliminary results left **Oilfield Inspection Services** 15 down at 230p. **Weeks Australia** put on 4 to 69p; production tests are imminent at the Jabiru well in the Timor Sea off the Northern Territory coast. **Weeks Bermuda** rose 15 to 230p following the sale of its 16 per cent holding in Alliance Oil Development. Leading UK oils ended a shade easier, but **BP** new shares ended unchanged at 210p and the old shares held at 440p.

Among Overseas Traders, **James Finlay** closed a couple of pence better at 138p, after 141p, following the 81 per cent increase in interim profits. **Inchcape**, a dull market recently following uninspiring first-half figures, rallied 3 to 283p.

Golds under pressure

Recently volatile South African Golds came under renewed selling pressure and fell to their lowest levels since June 8.

The selling followed a downturn in bullion markets—gold dipped \$3.75 to \$409.625 an ounce unsettled by bearish comment in a leading U.S. newspaper—and a marked absence of worthwhile support from Johannesburg and London.

After an initial sharp mark down, the sharemarket encountered further offerings and continued to drift until the afternoon when American support prompted a small recovery.

This proved short-lived, however, and prices were looking vulnerable in the late, inter-office, trading, amid revived rumours of heavy losses associated with C and R Pastor Securities and renewed weakness in bullion in New York.

Heavyweights were highlighted by **Southvaal**, which dropped £2¼ to £42¾, **Randfontein**, almost £2 cheaper at £91¼, **Vaal Reefs**, which dipped £1½ to £77¾, and **Free State Geduld**, £1⅛ off at £28.

Financials sustained widespread losses which ranged to as much at £2, as in **Gold Fields of South Africa**, £80¼. **De Beers** remained a weak market and fell 10 to 586p while **Anglo American Corporation** lost ½ at £13⅝.

"**Johnnies**" gave up a point at £88½ ahead of the annual report and chairman's statement.

Renewed downward presure on base-metals, especially copper, coupled with the marked weakness in Golds prompted sizeable selling of London Financials where falls of 11 were common to **Gold Fields**, 562p, and **Rio Tinto-Zinc**, 614p, while **Charter** gave up 7 to 238p.

Australians were mixed, with strong overnight gains in Sydney and Melbourne only partly offset by persistent selling of golds, both established and speculative.

The leaders were again featured by **North Broken Hill**, 3 firmer at a 1983 high of 207p, and **MIM**, which added 7 at 247p.

Weak spots in Golds included **Carr Boyd**, 4 cheaper at 79p, **Great Victoria**, which dipped 2 to 13p, and **Samantha**, 1½ off at 63p.

Elsewhere, Canada's **Sabina** gave up 5 more to 85p.

The introduction of four new classes failed to provide any appreciable volume increase in Traded Options where total contracts amounted to 2,399. **Commercial Union** attracted good support with 456 calls done, 180 in the October 180's and 183 in the January 160's. Interest was also noted for **Grand Metropolitan** and **ICI**, which recorded 274 and 320 calls respectively. **Tesco** fared best of the newcomers, attracting 190 calls, 110 of which were struck in the December 180 series. Premium-wise, mines were again to the fore with **Consolidated Gold Fields** October 600 puts 10 up at 47p, and the 650 puts 13 higher at 95p. **Vaal Reefs** November 140 puts rose 3½ to \$26.

FINANCIAL TIMES STOCK INDICES

	Sept. 29	Sept. 28	Sept. 27	Sept. 26	Sept. 23	Sept. 22	year ago
Government Secs.	81.90	82.07	82.13	82.43	82.17	81.81	79.87
Fixed Interest	84.18	84.20	84.15	84.30	84.09	83.94	80.33
Industrial Ord.	699.7	696.9	694.0	702.5	706.9	708.1	578.1
Gold Mines	601.5	622.6	623.7	634.5	625.2	614.8	355.2
Ord. Div. Yield	4.78	4.81	4.84	4.78	4.76	4.83	4.93
Earnings, Yld.% (full)	9.51	9.56	9.61	9.50	9.46	9.53	10.91
P/E Ratio (net) (*)	13.17	13.09	13.03	13.18	13.24	13.12	10.99
Total bargains	21,024	19,007	21,349	20,785	19,773	18,909	16,883
Equity turnover £m.	—	163.75	181.81	207.01	194.978	192.25	160.72
Equity bargains	—	13,875	15,655	17,321	15,409	16,617	16,481
Shares traded (ml)	—	98.9	111.2	126.3	122.6	117.8	117.8

10 am 696.8. 11 am 696.8. Noon 697.9. 1 pm 698.4. 2 pm 698.4. 3 pm 698.5.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.39.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (15/6)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (17/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.6 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 28	Sept. 27
—Daily Gilt Edged Bargains	159.2	168.5
Equities Bargains	89.9	101.4
Equities Value	331.0	367.5
5-day Avrge Gilt-Edged Bargains	160.8	160.6
Equities Bargains	100.9	103.8
Equities Value	379.9	392.5

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (47)

CORPORATION LOANS (2)
Liverpool 9¼pc 1980-84 · Sunderland 12¼pc 1984

AMERICANS (2)
Brunswick Corp · Tenneco 10pc Ln Stk '91-95

CANADIANS (2)
Barrick Res Corp · Seagram

BANKS (3)
Bank of Scotland · Westpac · Gerrard & National

STORES (2)
Boardman (K. O.) Int'l · Casket (S.)

ENGINEERING (2)
Brown & Tawse · Cohen (A.)

FOODS (3)
Assoc Dairies · Linfood · Glass Glover

INDUSTRIALS (4)
Broken Hill Prop · Stonehill · Sale Tilney · Twinlock

INSURANCE (1)
Eagle Star

LEISURE (1)
Trident TV A

MOTORS (1)
Honda Motor

PAPER (2)
Clondalkin · Cropper (James)

PROPERTY (5)
Cardiff Prop · Lend Lease · Compco · North Brit Props · Estates Prop Inv

SOUTH AFRICANS (1)
Rex Trueform A

TRUSTS (8)
Crescent Japan · Robeco Sub Shares · Cystic Fibrosis · TR Pacific Basin · G.T. Japan · Akroyd & Smithers · Robeco (Br) · Bremar Trust

OILS (3)
Offshore Oil · Weeks Australia · Sun Oil (UK) Royalty

OVERSEAS TRADERS (1)
Finlay (James)

PLANTATIONS (2)
Cons Plants · Lawrie Plant

MINES (2)
North Broken Hill · Tara Expl'n

NEW LOWS (27)

BRITISH FUNDS (1)
Exch 13½pc '83

CORPORATION LOANS (1)
Lon Corp 13¼pc 1983

BUILDINGS (2)
Feb Intn'l · H.A.T.

CHEMICALS (1)
Int'l Paint

ELECTRICALS (3)
Security Centres · Wholesale Fittings · Telefusion

ENGINEERING (4)
Brown (John) · Staveley Inds · Norton (W. E.) · Walker (C. & W.)

FOODS (1)
Meat Trade Sup

INDUSTRIALS (6)
Ashley Ind'l Trust · Jardine Matheson · Datastream · Macpherson (D.) · Hutchison Whampoa · Wills (George)

PROPERTY (2)
Amalg Estates · HK Land

TEXTILES (1)
Lowe (Robert H.)

TRUSTS (3)
Fulcrum Inc · Henderson Admin · Jardine Secs

OILS (1)
Palliser Intn'l

MINES (1)
Zandpan Gold

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Wed. close	Day's change
Glaxo	15	785	+10
N. Brit. Props.	14	152	+59
BSR Intl.	11	150	+10
Thorn EMI	11	602	+10
BAT Inds.	10	149	+ 3
Beecham	10	315	− 3
BP (partly pd.)	10	210	+ 4
Eagle Star	10	483	+19
GEC	10	192	+ 4
Inchcape	10	280	−18
NatWest Bank	10	617	+ 2
Plessey	10	211	+ 3
Std. Chart. Bk.	10	417	− 3
BTR	9	547	+ 7

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ○ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

RISES AND FALLS YESTERDAY

	Rises	Falls	Sales
British Funds	1	82	18
Corpns. Dom. and Foreign Bonds	2	7	63
Industrials	210	213	957
Financial and Props.	96	78	346
Oils	22	25	64
Plantations	5	2	14
Mines	15	71	80
Others	43	70	78
Totals	394	548	1,620

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16
Oct 24	Nov 4	Jan 19	Jan 30

For rate indications see end of Share Information Service

Stocks favoured for the call included **Polly Peck, Jardine Matheson, Boots, Metal Sciences, Plessey, Atlantic Resources, BSR, London and Liverpool, Guinness Peat, GRA, Lofs, ICL, Wheelock Marden, Thomas Borthwick, Security Centres, Blackwood Hodge, Bryant, Royal Insurance, Distillers** and **W. E. Norton**. No puts were reported, although doubles were arranged in **London and Liverpool, Superdrug Stores** and **Lofs**.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Atlantic Res.	475	+ 5
BP (partly paid)	210	—
Eagle Star	490	+ 7
Eglinton Oil & Gas	280	+50
Harris Queensway	294	+ 2
ICI	546	+18
Jardine Matheson	80	− 2
Ladbroke	212	+ 7
Phoenix Assurance	328	+12
Pilkington Bros.	225	+ 5
Southvaal	£42¾	− 2¼
Sun Oil (UK) Royalty	360	+80

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thurs Sept 29 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Sept 28 Index No.	Tues Sept 27 Index No.	Mon Sept 26 Index No.	Fri Sept 23 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	448.69	—	9.19	3.93	14.07	448.62	446.80	452.25	454.48	433.10
2	Building Materials (23)	430.50	+0.7	10.86	4.69	11.60	427.63	427.85	430.51	429.33	352.01
3	Contracting, Construction (30)	694.04	−0.5	13.21	5.16	9.48	697.73	698.86	707.50	704.51	655.77
4	Electricals (36)	1639.25	−0.2	8.05	2.31	16.15	1641.83	1619.98	1642.24	1666.69	1850.59
5	Engineering, Contractors (10)	445.67	+0.3	14.79	6.23	8.39	444.25	445.81	457.37	457.33	459.69
6	Mechanical Engineering (64)	194.39	−0.1	12.14	5.74	10.35	194.65	195.03	198.16	198.01	194.12
8	Metals and Metal Forming (10)	164.01	+0.4	11.54	7.15	10.48	163.32	164.90	167.63	168.73	134.84
9	Motors (18)	110.63	−0.1	—	4.66	—	110.78	110.67	112.80	112.73	73.70
10	Other Industrial Materials (16)	539.23	+0.2	5.63	4.34	23.60	538.32	535.03	544.74	540.61	350.19
21	CONSUMER GROUP (199)	433.71	+0.4	10.51	4.48	11.65	431.97	430.84	436.00	435.77	373.03
22	Brewers and Distillers (23)	440.40	—	12.72	5.17	9.82	440.28	435.31	442.29	440.49	485.65
25	Food Manufacturing (22)	338.12	−0.1	13.57	5.93	8.60	338.55	338.46	341.01	341.26	306.43
26	Food Retailing (13)	995.33	+0.4	7.30	2.56	17.69	991.64	996.73	1000.82	1009.24	796.05
27	Health and Household Products (8)	754.54	+1.2	5.92	2.72	20.04	745.63	743.96	754.40	759.64	588.12
29	Leisure (22)	568.84	+0.6	8.93	4.78	14.49	565.22	560.98	568.65	565.70	436.06
32	Newspapers, Publishing (15)	950.28	+0.3	9.83	5.01	13.33	947.89	951.66	962.34	969.83	539.25
33	Packaging and Paper (14)	187.75	+1.9	10.93	5.29	11.27	184.27	184.12	187.56	189.86	142.23
34	Stores (47)	394.79	+0.5	8.12	3.80	16.64	392.71	393.34	398.22	396.68	360.38
35	Textiles (22)	209.15	−0.1	11.94	5.52	10.09	209.32	209.87	211.58	211.32	169.60
36	Tobaccos (3)	427.07	−0.5	23.33	7.45	4.80	429.05	423.48	429.41	428.42	406.62
39	Other Consumer (10)	425.11	+0.2	5.73	4.83	—	424.16	428.59	428.09	427.28	293.26
41	OTHER GROUPS (79)	379.19	+0.6	8.40	4.53	15.03	376.86	377.87	382.15	381.70	263.32
42	Chemicals (15)	533.58	+2.3	8.40	4.74	15.44	521.72	519.51	524.63	524.51	333.10
44	Office Equipment (6)	108.64	−0.9	8.83	4.73	14.46	109.60	107.78	109.93	111.74	98.16
45	Shipping and Transport (15)	738.98	−0.3	7.11	5.50	19.71	741.33	745.09	756.39	754.39	533.76
46	Miscellaneous (43)	500.34	−0.5	8.58	4.00	13.96	502.85	505.72	513.64	511.78	368.76
49	INDUSTRIAL GROUP (485)	434.56	+0.3	9.75	4.51	12.81	433.22	431.84	437.48	437.98	377.95
51	Oils (15)	1823.47	−0.2	11.00	5.83	11.04	1825.87	1825.65	1839.27	1837.77	685.47
59	500 SHARE INDEX	484.04	+0.2	9.98	4.58	12.45	483.02	481.75	487.98	488.31	403.30
61	FINANCIAL GROUP (123)	330.50	+0.3	—	5.79	—	329.44	328.37	331.79	331.38	248.84
62	Banks (6)	355.44	+0.1	24.16	7.17	4.52	355.10	355.35	360.18	359.02	257.56
63	Discount Houses (9)	317.09	+0.7	—	8.54	—	315.01	313.42	314.54	313.28	286.24

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	10	19	26	33	—	—	$410
GOLD C	$425	36	6	22	19	12	30	"
GOLD C	$450	5	3	160	11	55	22	"
GOLD C	$475	235	1.20	—	—	—	—	"
GOLD C	$500	90	0.60	—	—	—	—	"
GOLD P	$375	60	1.50	—	—	—	—	"
GOLD P	$400	73	6	74	10	10	15	"
GOLD P	$425	22	20	—	—	10	21	"
		Dec.		March		June		
SILV C	$11	5	1.10A	—	—	—	—	$11.63
SILV C	$12	18	0.60	34	1.10	—	—	"
SILV C	$13	10	0.25	10	0.75	28	0.75	"
SILV C	$14	10	0.15	—	—	—	—	"
SILV P	$10	22	0.05	—	—	—	—	"
SILV P	$12	13	0.80	14	0.95	—	—	"
SILV P	$13	1	1.40B	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	F.400	58	0.60	6	8.50	—	—	F.370
ABN C	F.420	—	—	90	2.60B	—	—	"
AH C	F.180	100	4	3	11.50	—	—	F.180.70
AKZO C	F.65	47	14.80	4	16.10	1	16.50	F.79.60
AKZO C	F.70	194	9.80	2	12.50B	20	15.10	"
AKZO C	F.80	396	1.80	80	5.60	10	8.50	"
AKZO C	F.90	—	—	70	2.40	3	4	"
AKZO P	F.65	547	0.10	—	—	—	—	"
AKZO P	F.80	37	2	102	4.50	25	5.10	"
AMRO C	F.50	7	12.30A	50	14	—	—	F.61.70
AMRO C	F.65	38	0.70	132	3	35	4.10B	"
HEIN C	F.110	88	27	4	27.50B	—	—	F.137
HEIN C	F.120	216	17.20	67	20.50	15	21.50	"
HEIN C	F.130	215	8	13	14	—	—	"
HEIN C	F.140	158	2.80	161	8.60	14	12	"
HEIN P	F.120	17	0.20	137	1.10	20	2.40	"
HEIN P	F.130	83	1	14	3.10	8	5.60	"

TOTAL VOLUME IN CONTRACTS: 14,497

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*440)						
360	84	92	—	1½	3	—
390	56	66	74	1½	4	9
420	27	44	52	4	[illegible]	[illegible]
460	5	20	30	24	[illegible]	[illegible]
Cons. Goldfields (*562)						
500	67	90	—	3	[illegible]	[illegible]
550	30	55	70	14	[illegible]	[illegible]
600	8	35	40	47	[illegible]	[illegible]
650	3	16	22	95	[illegible]	[illegible]
Courtaulds (*97)						
66	33	—	—	—	[illegible]	[illegible]
76	23	28	—	0½	[illegible]	[illegible]
86	14	19	—	0¼	[illegible]	[illegible]
90	—	—	20	—	[illegible]	[illegible]
96	6	11	—	3	[illegible]	[illegible]
100	—	—	12	—	[illegible]	[illegible]
110	1½	5	8	13	[illegible]	[illegible]
Commercial Union (*172)						
120	51	—	—	0½	[illegible]	[illegible]
130	41	—	—	1½	[illegible]	[illegible]
140	31	33	36	1½	[illegible]	[illegible]
160	12	17	21	5	[illegible]	[illegible]
180	3	7	10	21	[illegible]	[illegible]
G.E.C. (*190)						
180	14	24	32	3	[illegible]	[illegible]
200	5	13	20	15	[illegible]	[illegible]
220	1	6	13	32	[illegible]	[illegible]
240	1	3	7	52	[illegible]	[illegible]
260	0¼	1	—	—	[illegible]	[illegible]
Grand Met. (*320)						
300	25	35	42	3	[illegible]	[illegible]
330	7	18	24	15	[illegible]	[illegible]
360	1½	7	11	41	[illegible]	[illegible]
390	1	3	6	71	[illegible]	[illegible]
I.C.I. (*540)						

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*115)						
120	3¼	8	11	7	10	12

Sept. 29 Total Contracts 2,399 Calls 1,886 Puts 513

* Underlying security price.

WORLD STOCK MARKETS

Fight erupts over regulatory role in London Stock Exchange

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE COUNCIL for the Securities Industry is fighting to retain its role as the London financial community's main regulatory body in the face of proposed changes in the monitoring of the affairs of the Stock Exchange.

The council yesterday agreed to set up a committee to examine the ramifications of the agreement established between the Government and the stock exchange.

The Government agreed to exempt the stock exchange from the effects of restrictive practice legislation, provided the stock exchange agreed to dismantle its minimum commission structure on transactions, allowed outsiders into its system of government, and allowed the Bank of England to monitor its affairs more regularly.

The council is concerned that, with an enhanced role for the Bank of England as a regulator, its own role will be diminished in City of London affairs.

The council yesterday disclosed that it had chosen Mr Tim Barker, a director of Kleinwort Benson, the merchant bank, to succeed Mr John Hignett as director-general of its council and as director-general of the takeover panel, with effect from next January.

The council, announcing the appointment, indicated that it was taking steps to reassert its position within the City, which has often been critical of the council's role. Critics have described the council as ineffective, "a fifth wheel on the coach" of self-regulation, and unnecessary.

Inside the council, members have argued that the Bank of England is not really a regulator and rather more a representative of the Government.

The council is concerned, moreover, that if the separation of the functions of stockbroking and stockjobbing breaks down in the stock market in the wake of the dismantling of the commission structure, there will be confusion over who holds responsibility ultimately to supervise the new structure.

The council is also concerned that a tripartite informal committee formed of representatives from the Department of Trade and Industry, the Bank of England and the stock exchange, which will monitor developments, in the exchange, is "too cosy." No representatives from the council are involved.

Until the latest changes in the stock exchange the Department of Trade and Industry's legal adviser, Professor Jim Gower, reviewing investor protection in the City, had envisaged an enhanced role for the council.

He was arguing that the council should liaise with the Government in the operation of a mixture of self-regulation and statutory regulation for the City.

His report is likely to be delayed by the changes and is not expected to be published until next year.

'Spurs' kick off in the City

BY DOMINIC LAWSON IN LONDON

BRITISH INVESTORS, who have recently taken up 130m BP shares, are now being confronted with something completely different, in the shape of offers for sale from Acorn Computer Group and Tottenham Hotspur, one of London's leading football clubs.

Acorn, as befits a company that operates in an industry which was not conceived of when Tottenham – the "Spurs" – won the Football League Championship and the FA Cup in 1961, is to join the three-year old unlisted securities market (USM). The football club is to make its market debut as a fully listed stock.

Acorn's financial advisors, Lazard Brothers and Cazenove, are offering 11,230,172 shares of 1p each at a minimum tender price of 120p a share. At that price, which Mr Duncan Penrose of Lazards says "is just the beginning of the auction," Acorn would be capitalised at £135m, making it the largest company on the USM.

The five-year-old Acorn has seen sales rise from £31,000 to £42.4m, and made pre-tax profits of £8,632,000 in the 12 months to July 3, 1983. Acorn's growth has been based on the hugely successful BBC microcomputer. When production started in January, 1982, the expected demand was 12,000 a year. In the event, demand was for about 25,000 a month, and 150,000 have already been sold.

One of the reasons for Acorn's offering is to provide funds for launching its product in the U.S., where the competition is ferocious. Acorn's managing director, Mr Chris Curry, says that Acorn might lose several million dollars in its first two years in the U.S., but will then make substantial earnings.

Acorn's offer dwarfs that of Tottenham Hotspur, which is offering 3.8m shares at £1 each valuing the whole company at about £9.2m. But Tottenham has the edge on Acorn on two fronts. First, it boasts assets per share of 74p, against Acorn's 4p. Second, as befits a club that can trace its history back to 1880, its stock will be fully listed.

Contrary to popular belief, Spurs' assets do not include its players, amply though their talents are described in the offer document. Mr Paul Bobroff, the club's chairman, points out: "Glen Hoddle (one of England's most talented players) is in the books at nil. That goes for the whole squad." But, he added: "They are insured for about £4.5m." Mr John Sachs, of Tottenham's brokers, Sheppards and Chase, said: "There was no rational way in which we could capitalise the players in the balance sheet."

The largest shareholder, Mr Irving Scholar, who lives in Monte Carlo, said Tottenham was going public primarily to wipe out the £3m of debts that were stretching the balance sheet. Mr Scholar said: "We are not going to have any rights issues to buy players. Can you imagine signing a player, conditional on shareholders' approval and 20 goals a season? No way."

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

NEW YORK CLOSING PRICES

Continued from Page 31

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		X–Y–Z								
50	32½	Xerox	3	7.0	11	1591	43¼	42⅝	42¾	–¼
53⅝	49⅜	Xerox	pf5.45	11		143	50¾	50½	50½	
33¼	14⅞	XTRA		2.0	29	84	31⅞	30⅞	31½	+⅝
34	19⅞	ZaleCp	1.28	3.8	30	25	33½	33	33	–⅜
21⅞	13⅜	Zapata	.84	4.3	6	259	20	19⅜	19⅜	+½
52¼	21⅞	Zayre	s .30	.7	16	68	45⅞	45¼	45½	+½
34½	10⅞	ZenithR			119	996	31	29½	29⅝	–1⅜
38⅞	18⅜	Zero	s .48	1.4	22	4	34½	34½	34⅝	+⅛
37⅞	21⅛	Zurnin	1.32	4.9	9	111	27⅛	26⅞	27	–⅛

Indices

N.Y.S.E. ALL COMMON

Sep 29	Sep 28	Sep 27	Sep 26	1983 High	1983 Low
–	–	–	–	442.82 (6/9)	79.79 (24/1)

RISES AND FALLS

	Sep 29	Sep 28	Sep 27
Issues traded	1942	1910	947
Rises	626	834	442
Falls	859	843	132
Unchanged	457	433	373

MONTREAL

	Sep 29	Sep 28	Sep 27	Sep 26	1983 High	1983 Low
Industrials	455.97	461.78	464.96	468.9	483.86 (5/5)	329.12 (4/1)
Combined	431.15	435.34	438.32	441.29	441.29 (26/9)	319.4 (5/5)
TORONTO Composite	2548.8	2581.5	2579.8	2598.2	2598.2 (26/9)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

					High	Low
SPAIN Madrid SE (31/12/82)	116.85	115.82	116.06	(c)	120.82 (13/7)	88.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1474.66	1461.42	1494.39	1479.02	1528.00 (6.9)	886.10 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	334.4	334.8	336.0	334.8	347.0 (4/8)	294.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	182.3	182.1	183.8	183.8 (26/9)	154.5 (3/1)

(**) Saturday Sept 24: Japan Dow 9,314.00. TSE 687.66.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000; the last named based on 1975. †Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
23	9½	Keep Trust 5p	12½	–½	10.15	—	—	—
210	140	Kelsey Inds	185		8.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	150xd		‡15.0	0.6	†	(22.6)
75	39	Kleen-E-Ze Hldgs	75		3.0	ф	5.7	ф
101	52	L C P Hldgs.	90	–1	3.6	1.2	5.7	(20.3)
32	14	LDH Group	26½		—	—	—	—
132	93	L R C Int. 10p	111xc	–1	h2.95	2.3	3.8	14.5
32	17	Lamont Hldgs. 10p	29		1.3	1.8	6.4	11.4
40	26	Lawtex	34		—	—	—	—
480	345	Lep Group 10p	470		17.5	0.3	5.3	65.2
36	22	Lilleshall 10p	34	–1	d1.0	—	4.2	—
350	54	Lon. & Liv. 10p	54	–1	h2.75	3.5	7.3	4.8
140	102	London & Midl'd.	113	–2	7.75	1.1	9.8	12.7
*110½	38	Lon. & Nthn. Grp.	73		F4.2	ф	8.2	10.3
40	23	‡Lon. Priv. Health	26		—	—	—	13.0
65	46	Longton Inds.	60		1.0	—	2.4	—
120	70	Low & Bonar 50p	116		†5.0	2.8	6.3	(6.4)
48	32½	MCD Group	47½	+1½	u1.0	2.2	3.0	21.7
87	62	MMT Computing 5p	80		b1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	23½		0.1	—	0.6	—
212	134	M'c'rthy Ps. 20p	137		7.0	2.7	7.3	6.5
148	128	Macfarlane Gp.	145xd		†3.52	2.1	3.5	17.7
46	33	Maclellan 20p	34		d1.5	1.6	6.4	12.0
63	46	Macpherson (D.)	46	–1	4.2	0.6	13.0	(27.1)
56	41	Magnolia Group	52xd		2.3	3.2	6.3	6.1
180	65	Man. Ship Can. £1	137		3.5	6.8	3.7	4.1
73	48	Marley	67	+1	†2.5	0.5	5.3	(44.1)
45	30½	Marling Ind. 10p	42½		1.08	1.7	3.6	(19.1)
34	25	Marshall L'xy. 'A'	25	–1	$1.2	—	‡	—
68	44	Marshall's Univ	48	–4	8—	—	—	94.7
32½	23	Martin-Black	29		—	—	—	—
£130	£90	♥Mathesons 7¾%	£90	–2	Q7¾%	2.3	f8.6	—

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
		Australians					
28½	13½	♥ACM 20c	17		—	—	—
52	32	Allstate Explo NL	48		—	—	—
40	9	♥Australis Mng. NL	32		—	—	—
25	11	Balmoral Resources	20	+1	—	—	—
60	37	♥Black Hill Mins.	53		—	—	—
85	51	♥Bond Corp.	85		gQ10c	2.3	7.1
183	116	♥Bougainville 1 Kina	158		mQ3.42c	1.2	1.3
372	204	♥CRA 50c	343	+3	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	79	–4	—	—	—
43	18	♥Central Pacific	31	+1	—	—	—
9	2⅞	♥Cons. Gold Mng. Areas	3¼		—	—	—
17	5	♥Coopers Res. N.L.	11½	–½	—	—	—
255	183	♥Crusader Oil	220	+5	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102	100	Exch. 13½pc '83	100	−	13.49	9.60
100	98	Exch. 10pc 1983	100	−	9.99	9.33
99¼	96¼	Funding 5½pc '82-84‡‡	99	−	5.55	8.37
101¼	99	Exch. 11¼pc 1984	100	−	11.18	9.35
104	100	Exchequer 14pc 1984	102	−	13.69	9.93
95	92½	Exch 3pc 1984	95	−	3.14	9.37
102	100	Treasury 12pc 1984	102	−	11.74	9.59
107	104	Treasury 15pc 1985	105¾	−	14.18	10.39
107	101	Exch. 12pc Cnv. '85	102	−	11.69	10.03
92	88	Treasury 3pc 1985	92	−	3.26	8.24
102½	99	Treasury 11½pc 1985	102	−	11.25	10.46
102	95	Treas 8¾pcCnv '85	98	−	8.91	9.70
103	100	Exch. 12¼pc 1985	103	−	11.86	10.46
102	99	Exch. 11¾pc '86	102	−	11.48	10.60
101	97	Treas 10pc Cnv 1986	100	−	9.99	9.96
88½	85	Treasury 3pc 1986	87	...	3.43	8.43
101	97	Exch. 10½pc Cv '86	99	−	10.57	10.50
103	100	Treasury 12pc '86	102½	−	11.71	10.86
95	94	Treasury 8¼pc '84-86‡‡	95	−	8.69	10.34
114	103	Treas. 12½pc '86 Cnv.	108½	−	11.29	8.72
109	105	Exch. 14pc 1986	107xd	−	12.99	10.98
107	103	Exch. 13½pc 1987	105	−	12.51	11.03
98	95	Tr 10½pc Cv '87	96		10.42	10.81
84	80	Exchequer 2½pc 1987	81	−	3.07	8.86
100	95	Exch. 10½pc 1987	98xd	−	10.62	10.88
93	88	Funding 6½pc '85-87‡‡	88xd	...	7.31	10.28
21	20	Treas 10pc '87 (£20pd)	20	−	10.25	10.05
86	80	Treasury 3pc 1987	81		3.68	8.80
104	99	Treas 12pc 1987	103xd	−	11.65	11.08
93	89	Treasury 7¾pc '85-88‡‡	90	...	8.59	10.56
101	95	Exch 10½pc '88	[illegible]	−	10.65	10.98

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

NOTES

RES
educate
anker

INDICATORS

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

INTERNATL. FINANCIAL FUTURES

It is now time for Liffe to educate corporate boards, says banker

BY ANDREW ARENDS

FINANCIAL FUTURES will soon become an indispensable part of the corporate treasurer's armoury, according to Mr Gerald Leahy, senior vice-president of the Bank Julius Baer.

Mr Leahy was speaking on the second day of a conference on World Financial Futures organised by the Financial Times, the Investors' Chronicle and The Banker.

Mr Leahy, who was treasurer for Unilever until last month, felt futures were crucial to corporate treasurers – fulfilling their need to hedge risk and minimise costs in financial transactions.

Large companies, however, tended to leave finance to banks and were uneasy with the developments in financial markets such as the London International Financial Futures Exchange (Liffe).

It was now time for Liffe to educate corporate boards in the use of futures, he said, while at the same time the banks must also act to develop products which use futures to educate their corporate clients.

Echoing this sentiment, Mr Mark Eynon, associate director of Bank of America Futures, said the additional flexibility provided by financial futures made it a vital instrument for most financial institutions.

The banks, he said, were involved in two ways – first, by using futures to protect themselves when providing facilities for a customer, and second to increase the extent of the banks' commitments and services to customers not otherwise possible.

Mr Christopher Bull, a partner in Price Waterhouse, outlined the tax system in connection with futures trading. Compared with the U.S., he said, the UK tax system created high obstacles for the individual trader.

In Britain an individual faces a maximum of 75 per cent tax rate on his trading gains, whereas in the U.S. the maximum rate could sometimes be only 32 per cent.

"Potential users of Liffe have been deterred by uncertainty surrounding the tax treatment of financial futures transactions," Mr Bull added. He felt, however, that local negotiations between taxpayers and tax agents over the tax rate payable could help to clarify the situation.

In his entertaining contribution to the proceedings Mr Robin Baldwin, a partner in Phillips & Drew Futures, outlined the tax position in the UK. Pointing to a diagram, he said: "You make money, you pay tax. It's very simple."

FINANCIAL TIMES
World Financial Futures
CONFERENCE

He felt the high rates of tax deterred individual speculators from dealing in the market and reduced the vital pool of liquidity needed.

The banks, he argued, must play an educative and advisory role towards customers in dealing with futures.

The flexibility proved by futures was the key, he said. Financial futures would "revolutionise" interest rate risk management in the 1980s the way that forward foreign exchange dealing did in the 1970s.

One participant, however, told the conference that he spoke only as a "sceptical potential user". Mr Richard Wheway, deputy chief general manager of the Halifax Building Society, added that even if the building societies were allowed by Parliament to invest in futures contracts he doubted they would do so in any great volume.

A study group set up to consider possible uses of Liffe by building societies had come in with disappointing results, he claimed. The only connection in which they might use Liffe was the management of liquid funds.

Mrs Rosalyn Wilton, a director of GNI, the financial futures brokers, disagreed with Mr Wheway over the study group results. She felt there was much more scope for the building societies to benefit from using Liffe. She also repeated earlier concern at corporate board reluctance to use Liffe.

Mr Baldwin also said Liffe had added a dimension to London markets in its first year and he was bullish on the future. The real game yet to come, he argued, was in options on futures – he quoted an American dealer as saying these were written to "make portfolios sweat."

Picking up on a theme repeatedly raised during the two days of the conference, Mr Charles Clement, a director of the board of the Chicago Board of Trade, said England and Europe regarded "speculation" as a dirty word. This fact, he said, was hindering the development of Liffe.

On the Chicago Board of Trade he said a large amount of the "pool" of liquidity came from private speculators. If Liffe was to grow, the barriers to individual participation – particularly the tax barriers – had to be reduced.

Mr Clement said the area of options trading was the newest dimension in futures. The U.S. Congress had recently lifted a long-standing ban on trading commodity options and had instigated a three-year pilot scheme on the Chicago Board of Trade.

One of the non-agricultural projects – the board's option on Treasury Bond contracts – had been an "incredible success." In the spring Mr Clement hoped the board would open an option on soyabean futures.

The chairman of the conference today, Mr Ron Porter, director of National Westminster Futures, commented on one of yesterday's speeches in his opening remarks.

Replying to Dr Ian Richards, manager of the financial futures division of the Commodity and Finance Company, Mr Porter said the clearing banks should "make a continuous market in currency contracts." And that if there was customer demand for the banks to deal in this market they would do so.

He questioned the idea that the clearing banks should be market makers in support of other Liffe members.

Some participants asserted that jobbers in their dealings with gilts were using the futures markets to preserve their positions in the cash market. They called for an official presence in the futures market to prevent advantage being taken of the situation.

Financial Futures, Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses ground after firmer start

The dollar finished on a weak note in currency markets yesterday. Early quotations saw the dollar marked firmer from Wednesday's close, following action by the U.S. Federal Reserve Board to drain funds from the system. However the dollar traded quietly for much of the day, failing to attract any further buying. Later in the day the Fed placed funds back into the market and the dollar eased in consequence.

Sterling was slightly firmer overall but was neglected for much of the day.

DOLLAR — Trade weighted index (Bank of England) 127.4 against 123.0 six months ago. The dollar has retreated from the peaks touched in August amid growing hopes that a sustained fall may be imminent following several good weeks of U.S. M1 money supply figures. An easing of the Federal Reserve monetary policy, leading to lower interest rates, has been anticipated for some time, but previous disappointments will encourage some market caution.

The dollar closed at DM 2.6405 down from DM 2.6440 and SwFr 2.1305 compared with SwFr 1310. It was also weaker against the French franc at FFr 8.01 from FFr 8.0175 and closed at Y236.75 from Y236.80 in terms of the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade weighted index 84.3 against 84.3 at noon and 84.2 in the morning and compared with 84.2 on Wednesday and 78.2 six months ago. The pound has been very steady recently and the weakness against Continental currencies in sympathy with the dollar may now be welcomed. Sterling's recent performance, coupled with hopes of lower U.S. interest rates, has encouraged speculation about lower London interest rates.

Sterling traded in a narrow range of $1.4925-$1.5025 against the dollar before closing at $1.5000-$1.5010, a rise of 15 points. It was unchanged against the D-mark and French franc at DM 3.9650 and FFr 12.0150 respectively but rose against the Swiss franc to SwFr 3.20 from SwFr 3.1975 and Y355.5 from Y355.0.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade weighted index 126.2 against 131.2 six months ago. Until the recent easing of U.S. M1 money supply growth, the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. A softer tone in U.S. rates together with a rise in the German Lombard rate have served to narrow the gap however, as the Bundesbank has moved to counter excessive money supply growth.

Trading was on the quiet side in Frankfurt yesterday with end of quarter influences keeping business to a minimum. The dollar was fixed at DM 2.6464 down from DM 2.6528 while sterling eased to DM 3.9630 from DM 3.9730. The French franc was a little firmer at DM 32.955 from DM 32.950 per FFr 100 but the Belgian franc continued to lose ground with a fixing level of DM 4.9350 per BFr 100 compared with DM 4.9360.

DUTCH GUILDER — Trading range against the dollar in 1983 is 3.0540 to 2.5755. August average 2.9004. Trade weighted index 116.2 against 118.9 six months ago. The guilder had weakened against the dollar in line with other currencies but is now showing signs of improving from an already comfortable position within the EMS as the dollar retreats from recent highs.

The guilder showed mixed changes at yesterday's fixing in Amsterdam. In quiet and rather featureless trading the dollar rose to Fl 2.9605 from Fl 2.9515 and sterling to Fl 4.4350 from Fl 4.4250. The D-mark was weaker however at Fl 1.1187 compared with Fl 1.1196 while the French franc improved marginally to Fl 36.87 per FFr 100 from Fl 36.83. The Belgian franc was unchanged at Fl 5.52 per BFr 100.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9055	+2.24	+1.64	±1.5447
Danish Krone ...	8.14104	8.17518	+0.42	−0.18	±1.6425
German D-Mark	2.24184	2.26459	+1.01	+0.41	±1.0842
French Franc ...	6.87456	6.87203	−0.04	−0.64	±1.4052
Dutch Guilder ...	2.52595	2.53232	+0.25	−0.35	±1.4964
Irish Punt	0.72569	0.726736	+0.14	−0.46	±1.6689
Italian Lira	1403.49	1372.22	−2.23	−2.23	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

THE POUND SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 81.40-81.50. Six-month forward dollar 0.16-0.21c dis. 12-month 0.47-0.57c dis.

THE DOLLAR SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 54.25-54.30. † UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

EXCHANGE CROSS RATES

Sept. 29	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
U.S. Dollar	0.666	1.	2.642	236.9	8.007	2.133	2.952	1598.	1.233	53.52
Deutschemark	0.252	0.378	1.	89.66	3.030	0.807	1.117	604.9	0.466	20.25
Japanese Yen 1,000	2.813	4.221	11.15	1000.	33.80	9.001	12.46	6747.	5.203	225.9
French Franc 10	0.832	1.249	3.300	295.9	10.	2.663	3.687	1996.	1.539	66.83
Swiss Franc	0.313	0.469	1.239	111.1	3.755	1.	1.384	749.5	0.578	25.09
Dutch Guilder	0.226	0.339	0.895	80.25	2.712	0.722	1.	541.4	0.417	18.13
Italian Lira 1,000	0.417	0.626	1.653	148.2	5.009	1.334	1.847	1000.	0.771	33.48
Canadian Dollar	0.541	0.811	2.144	192.2	6.496	1.730	2.395	1297.	1.	43.42
Belgian Franc 100	1.245	1.869	4.938	442.7	14.96	3.986	5.517	2987.	2.303	100.

MONEY MARKETS

UK rates firmer in places

UK clearing bank base lending rate 9½ per cent (since June 14)

UK interest rates were slightly firmer where changed yesterday, partly in reaction to a small rise in Euro-dollar rates and also as a reflection of market disappointment that Bank of England dealing rates were left unchanged. Trading was rather quiet with overnight interbank money opening at 9¾-10 per cent and sliding steadily from mid-afternoon to finish around 7 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take-up of Treasury bills £170m and the unwinding of previous sale and repurchase agreements −£314m. Exchequer transactions drained a further ...0m. Assistance in the morning totalled £514m and comprised purchases of £8m of eligible bank bills in band 2 (15-33 days) at 9½ per cent. The bulk of the help was made up of sale and repurchase agreements, £290m of bills for resale on October 6 with an interest rate spread of ...-9½ per cent and £216m of bills at 9½ per cent for resale on October 13.

The shortage was later reduced to £500m without taking into account the morning's help and the Bank gave assistance in the afternoon of £9m making a grand total of £523m. The afternoon help comprised purchases of £1m of local authority bills in band 1 (up to 14 days) at 9$\frac{9}{16}$ per cent and in band 2 £4m of local authority bills and £3m of eligible bank bills all at 9½ per cent.

In Frankfurt the Bundesbank announced its intention to provide the money market with funds through 28-day bill repurchase agreements at 5.6 per cent. The size of help is not yet known but dealers pointed to a DM 6.5bn facility that expires on Monday. Call money yesterday was quoted at 5.55 per cent compared with 5.525 per cent on Wednesday and a Lombard rate of 5.5 per cent.

In Amsterdam the Dutch central bank made special advances to the money market totalling Fl 2.96bn at 5¾ per cent for the period September 30-October 17 while in Paris the Bank of France left its money market intervention rate unchanged at 12¼ per cent when buying around FFr 8.5bn first category paper from the market.

LONDON MONEY RATES

Sept. 29 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits
Overnight	—	7-10	9¾-9⅞
2 days notice	—	—	9¾
7 days or 7 days notice	—	9¾-10	9¾
One month	9¾-9⅝	9⅝-9¾	9⅝
Two months	[illegible]	9½-9⅝	9½
Three months	[illegible]	9½-9⅝	[illegible]
Six months	[illegible]	9½-9⅝	9½-9$\frac{9}{16}$

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 2 to September 6 1983 (inclusive) 9.930 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

LONDON INTERBANK FIXING

MONEY RATES

FINANCIAL FUTURES

Quiet trading

Most contracts traded in a narow range in the London International Financial Futures Exchange yesterday. Trading was rather featureless and volume levels suffered as a consequence.

Euro-dollar prices opened easier in line with closing levels in Chicago with the latter reflecting Wednesday's action by the U.S. Federal Reserve to drain reserves from the system. After spending a rather lacklustre morning confined to a small trading range, values eased once again in the afternoon as Chicago opened but then rallied to finish close to opening levels. The December contract opened at 90.23 down from 90.32 and touched a low of 90.19 before recovering to finish at 90.24. Federal funds were trading around 9½ per cent on the first day of the new account after an injection of funds by the Fed through overnight and four-day repurchase agreements.

Gilt prices also started on a weaker note affected by a slightly softer feel to sterling and an uninspiring cash market. In addition the U.S. bond market had finished weaker. However the lower levels attracted fresh buying and prices rallied to close above the day's opening levels. The December price opened at 107-03 down from 107-13 and dipped to 106-31 before coming back to finish at 107-08.

Short sterling contracts were also subdued with the December price confined to a 5 point range throughout the day. This reflected a virtually static cash market as dealers awaited some move by the Bank of England that could be interpreted as a sign for a cut in clearing bank base rates.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.24	90.25	90.19	90.32
March	89.91	89.92	89.87	89.98
June	89.64	89.68	89.63	89.75
Sept	89.39	89.45	89.39	89.43
Dec	89.24	—	—	89.33

Volume 1,608 (1,853)
Previous day's open int. 8,413 (8,047)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-11	72-12	72-03	72-16
March	71-25	71-26	71-18	71-30
June	71-10	71-13	71-05	71-16
Sept	70-30	70-31	70-24	71-04
Dec	70-21	70-21	70-16	70-26

APPOINTMENTS

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of ordinary shareholders of Johannesburg Consolidated Investment Company, Limited will be held in the board room, Consolidated Building, corner Fox and Harrison Streets, Johannesburg on Tuesday, 25th October, 1983, at 12 noon for the following purposes:

1. To receive and consider the Group annual financial statements for the year ended 30th June, 1983.
2. To elect directors in place of those retiring in terms of the articles of association.
3. To grant in accordance with Section 221 of the Companies Act, 1973 a general authority to the directors to allot and issue the 2,660,400 unissued ordinary shares of R2 each in the capital of the Company, including the shares which are at the disposal of the directors for purposes of the Company's share incentive scheme, upon such terms and conditions as they may determine.

The transfer books and register of members of the Company will be closed from 19th to 25th October, 1983, both days inclusive.

Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the Company.

Holders of share warrants to bearer who wish to attend in person or by proxy and vote at the meeting are required to comply with the regulations of the Company relating to share warrants. Copies of the regulations are available on application.

By order of the Board
M. J. MEYER
Secretary

Registered Office:
Consolidated Building
corner Fox and Harrison Streets
Johannesburg 2001
(PO Box 590, Johannesburg 2000)
29th September, 1983

London Secretaries:
Barnato Brothers Ltd.
99 Bishopsgate
London EC3M 3XE

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday September 27 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar, except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., EMEA, London: Eurodollar Libor as of September 14 at 11.00 am. 3 months: 9½. 6 months: 9¾.

SDR1=US$1.05716. Libor as of September 18 at 11.00 am. 3 months: 9$\frac{9}{16}$. 6 months: 9$\frac{11}{16}$.

COMMODITIES AND AGRICULTURE

Brussels unveils plan to broaden farm aid

BY JOHN WYLES IN BRUSSELS

THE DIFFICULTIES of achieving substantial economies on EEC agricultural spending were highlighted yesterday by a new European Commission plan to double expenditure in support of farm incomes and structures.

The Commission partly justifies its proposal to spend 7.5bn European Currency Units (ECUs) (£4.275bn) over five years in terms of easing the impact on incomes of its parallel plans for reducing the costs of the Common Agricultural Policy's (CAP) price and market support mechanisms.

The precise budgetary impact is difficult to assess but on the basis of the Commission's projections its CAP economy proposals might save 15bn ECU over the period 1984-89. However, this would be reduced by the 3.7bn ECU net extra cost of the structures proposals and by a further 3bn ECU if its plans for so-called integrated Mediterranean programmes were adopted.

The CAP might cost roughly 8bn-9bn ECU less over five years which could, on the most optimistic assessment, yield a saving of 6 per cent-10 per cent of total expenditure.

Current EEC regulations on farm structures expire at the end of this year and the negotiations on the Commission's proposals will form part of the negotiations at the Athens summit in December.

At the centre of the proposals is a plan to broaden access to investment grants to help poorer farmers increase their profitability. About 20,000 farmers receive grants and this number would be increased to about 200,000.

Extra help will be given to farmers in less favoured areas handicapped by geography or climate. Programmes to improve the marketing and processing of farm products would continue

Sugar talks to be adjourned

BY JOHN EDWARDS

THE Geneva talks aimed at negotiating a new International Sugar Agreement and to be adjourned today and resumed in February, it was confirmed yesterday.

A meeting of the conference chairman's informal consultative group, representing the 12 leading exporting and importing countries, decided to make a formal request to the UN Conference on Trade and Development (Unctad) to hold another three-week negotiating conference to start on February 6.

The decision to adjourn the current talks is merely recognition that after three weeks of negotiations there are still substantial differences to be resolved over the structure of an agreement to replace the present pact, due to expire at the end of 1984.

News of the adjournment had little impact on world sugar already been widely expected

The London daily price for market values, since it had raw sugar was marked up again by £5 to £162 a tonne yesterday morning. But futures lost ground in the afternoon. Traders said there was profit-taking selling

The consultative group will meet first in London on November 7 for a week to try and clear the way for more progress to be made at the February conference. If they fail to do so it may be decided that the February talks are pointless

Copper prices continue to fall

By Our Commodities Editor

COPPER prices fell again on the London Metal Exchange yesterday. The higher grade cash price fell below £1,000 for the first time since January closing £9.5 lower at £997.5 a tonne. The three months quotation closed £9.5 down at £1,024.25 and lost further ground in after hours trading, touching a low of £1,014.

Speculative selling was triggered off by the weaker trend in gold and silver which moved sharply lower in early dealings on the New York market. Silver was particularly weak following another hefty rise in New York warehouse stocks, which jumped by over 2m ounces to a record total of 128.4m ounces.

U.S. copper producers have been forced to cut their domestic selling prices still further down to 72 cents a lb.

Other base metals were depressed by the decline in copper. Cash aluminium lost another £11.5 to £1,053 a tonne.

An exception, however, was zinc. Cash zinc closed £7 higher at £549 a tonne regaining some of the previous two-day losses. Dealers said there was good trade buying support

ACM finds new gold deposit

A NEW gold deposit containing high grade ore has been discovered by Australian Consolidated Minerals at Golden Crown, some 18 miles from the company's Big Bell mine prospect at Cue in Western Australia.

Drilling at the new find, which is still open at depth, has indicated some 350,000 tonnes of ore grading an average 20 grammes gold per tonne in a zone extending from a depth of 120m to 430m.

Lamb trade adjusts to shifting price patterns

Farmer's viewpoint: By John Cherrington

THE first two years of the EEC's sheep regime has improved the returns of hill sheep farmers beyond their wildest dreams. These good prices have encouraged them to put more of their Swaledale ewes to the Bluefaced rams—a cross which produces an excellent breeding ewe, generically known as a Mule—and so increase the nubmer of ewe lambs to be sold.

Like the majority of Lowland sheep farmers I do not breed my own replacements. I buy them instead in the Pennines. This has two advantages. The sheep come from the hard conditions of the hills and the change to my easier conditions enables them to thrive. It also secures the benefits of hybrid vigour, or heterosis. This is a well known phenomenon where the issue of a mating between two pure breeds is more productive than either parent.

The cross is quite definitely a marriage of opposites—the Swaledale, general in most of the Northern Pennines, is a very hardy sheep and the Blueface is what I would call a "soft" sheep. The result is a hardy sheep which is much more prolific than its dam and becoming increasingly popular for breeding fat lambs.

This popularity is something of an economic handicap in that they have been very dear to buy. I have sought various means of cheapening the replacement process, by going to other crosses, or breeding my own replacements. But I have had to return to the Mule every time.

To be really economic the Mule ewe lamb should be purchasable at the price for which I sell my own fat lambs, then the cost would be the same as breeding my own replacements. For the last few years though a reasonable ewe lamb was costing over £10 per head more than the average return from my own lambs. A sum which would eventually have to be allowed for in flock depreciation.

However, supply has caught up with demand and for the first time this year there has been a substantial fall in the value of these ewe lambs. By waiting until after the first sale I was able to secure my replacements at least £10 per head cheaper than last year, as will many other buyers.

In the end prices will probably adjust themselves at the new levels and all that will happen is that the capital value of my flock will have fallen to match the new prices. For those of us with long established flocks this sort of movement up or down makes little difference, but a farmer who has borrowed to establish a flock could be embarrassed.

There is yet another factor in this equation. There is no doubt many farmers believe that the sheepmeat regime, which is almost excessively favourable to them in its present form, is going to be altered. The EEC Commission is already proposing action on this front. Established sheep farmers are unlikely to do anything as drastic as reducing their flocks, but quite a few who run sheep as a marginal enterprise could be taking the hint. A large scale dealer told me his orders were down about 10 per cent and he thought that was general.

It will be interesting to see if the cheaper replacements will alter this trend.

Oxfam urges worldwide action on relief

BY QUENTIN PEEL

A CONCERTED international disaster relief effort is needed to cope with the freak global weather conditions, which have caused either drought or floods in more than 40 countries, a leading British aid agency said yesterday.

According to Oxfam, requests for emergency aid are running at a higher level than at any time in the past 40 years, and 70 per cent of the organisation's disaster relief fund of £750,000 has been exhausted in three months.

Drought has affected millions of people in Africa, India and Latin America, but floods have also devastated wide areas in both India and Latin America, according to a report published by Oxfam.

An appeal launched in June by the United Nations' Food and Agriculture Organisation (FAO) for 600,000 tons of food aid for Africa has yet to come near its target, and there is an urgent need for greater co-ordination of the international aid effort, according to Mr Guy Stringer, Oxfam's deputy director.

"It is no longer possible to think in terms of a few months' relief work," Mr Stringer said. "In many countries our whole development effort must now be linked to rebuilding people's lives after these extraordinary natural disasters."

The sheer scale of the effects of the global weather extremes has yet to be widely recognised, the report says. It singles out:

- Bolivia and southern Peru—more than 2m people are badly affected by drought, which has virtually wiped out the staple potato crop, including seed potatoes for future harvests.
- Northern Peru — 700,000 people have lost their homes and livelihoods in unprecedented flooding.
- India—nine states have suffered drought, and almost 4m people have been hit by flooding in Guajarat state.
- Southern Africa—where six countries are suffering their worst drought in decades, including South Africa, traditionally a major food exporter.
- The Sahel region along the southern fringes of the Sahara where Mauritania, Senegal and Chad have been particularly hard hit.

The report calls for a revision of food aid priorities, because only 10 per cent of all world food aid is currently used for emergencies. "When food aid is required urgently for drought relief, it is not readily available."

It also urges a longer-term perspective of disaster relief, saying that it is chronic poverty which makes so many people vulnerable to the vagaries of the climate.

Weather Alert, published by Oxfam, 274, Banbury Road, Oxford OX2 7DZ.

Confidence high over coffee negotiations

By Our Commodities Staff

NEGOTIATIONS in London on the terms of the International Coffee Agreement for 19834/84 are expected to continue at least until the initial deadline of Friday evening, and may even continue over the weekend.

However, there is still confidence that the differences can be resolved between producer and consumer countries over the global quota, price range and controls over sales to non-member countries.

Prices rose to new life of contract highs on the London futures market yesterday, but eased back in the afternoon. The November position closed £5 higher at £1,805.5 a tonne after trading up to £1,811 earlier in the day.

Turkey to import barley from U.S.

By Our Commodities Staff

TURKEY has concluded a deal with the U.S. to purchase 160,000 tonnes of barley, it was announced yesterday amid increasing signs that its 1983 harvest may have been the worst for several years.

The 1983 Turkish barley harvest is expected to be around 5.4m tonnes compared to 6.4m tonnes in 1982. Turkey normally exports a portion of the crop.

The Agriculture Ministry blamed the shortfall in production on poor weather conditions during the summer months. However, low support prices which have led farmers to reduce the amount of land sown also seem to have played a part.

The cost of the U.S. deal is believed to be around $25m.

- THE AUSTRALIAN Wool Corporation (AWC) has taken action under the Wool Industry Act to enforce the recently negotiated Australia to Europe Shipping Agreement for wool, David Asimus, AWC chairman said. Any contracts not in accordance with the conference agreement would not be recognised by Australian law, he said.

- MALAYSIAN dealers denied London trade reports that the Soviet Union is negotiating to buy or may have bought 100,000 tonnes of Malaysian refined bleached deodorised (RBD) palm oil.

- FRANCE has been able to sell substantial quantities of wheat to its traditional North African markets, because of lower U.S. grain export credits this season, M Jean Moulais, director general of the grain intervention board said.

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 29 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt.	$1600/1630	......	$1640/670
Copper			
Cash h grade	£997.5	—9.5	£1064
3 mths	£1024.25	—9.5	£1080.25
Cash Cathode	£974.5	—7.5	£1032
3 months	£999.5	—8	£1058.75
Gold troy oz	$409.625	—3.75	$416.625
Lead Cash	£277.75	—3.75	£263.25
3monthy	£287.75	—3.75	£273.125
Nickel	£4646.34	......	£4625.93
Free mkt.	215/235c	—10	222/252c
Palladium	$147.75	—4	$151.50
Platinum	£277.65	—7.55	£293.50
Quicksilvert	$305/315	......	$280/290
Silver troy oz.	781.30p	—12.9	809.85p
3 mths	799.00p	—13.85	828.30p
Tin cash	£8483.5	—34	£8605
3 month	£8582.5	—20	£8724
Tungsten	$72.17	......	$84.32
Wolfam 22.04 lb	$79.83	......	$73.77
Zinc Cash	£549	+7	£570.5
3 mths	£564.75	+7.5	£586.75
Producers	$880	......	$880

	Sept. 29 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$940y	—5	$970
Groundnut	‡	......	‡
Linseed Crude	£526.00	......	£485
Palm Malayan	$585u	—15	$610
Seeds			
Copra Phili	$630x	......	‡
Soyabean (U.S.)	$343.00v	—9.5	$352
Grains			
Barley Fut. Jan	£121.20	—0.45	£118.80
Maize	£145.00v	......	£144.50
Wheat Fut. Jan	£124.10	—0.85	£124.80
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1576	+68.5	£1522
Fut. Dec	£1496	+21.5	£1466.5
Coffee Ft. Nov	£1800.5	+5	£1693.5
Cotton A. Index	87.00c	—0.30	92.15c
Gas Oil Oct.	$251.25	—0.75	$258.25
Rubber (kilo)	75.50p	+1.25	79.p
Sugar (Raw)	£162.00yw	+5	£160.5
Wooll'ps 64 z.	400p kilo	......	393pkilo

‡ Unquoted. w Nov. u Dec. y Sept-Oct. x Oct-Nov. v Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.65	—0.05
Iranian Light	28.00-28.20	—0.10
Arabian Heavy	26.50-26.65	—0.08
North Sea (Forties)	29.60-29.70	—0.30
North Sea (Brent)	29.85	—0.22
African (Bonny Li'ht)	30.00-30.35	—0.25
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	283-285	+0.5
Gas oil	249-252	—1.0
Heavy fuel oil	167-171	—

GAS OIL FUTURES

Although due $2.00 lower the market came in only $1.00 weaker and then proceeded to strengthen. More active physical trading spurred the market to its highs in the morning. New York's performance was disappointing and caused the market to fall, to make new lows, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept	248.87	+0.12	—
Oct.	251.25	—0.75	255.00-49.75
Nov.	254.50	—2.25	257.25-54.00
Dec	258.25	—2.25	261.25-57.25
Jan.	258.00	—2.50	260.50-56.75
Feb	253.50	—3.00	256.00-55.50
Mar.	250.00	—1.00	252.00-50.00
April	244.00	—2.00	246.25-44.00
May	241.00	—3.37	—

Turnover: 4,254 (2,314) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3¾ an ounce from Wednesday's close in the London bullion market yesterday to finish at $409¾-410. The metal opened at $409-409¾ and traded between a high of $410¼-410¾ and a low of $408-408½. Trading was rather quiet and featureless with the easier trend continuing after the entry of New York into the market.

In Frankfurt the 12½ kilo bar was fixed at DM 34,970 per kilo ($410.97 per ounce) against DM 35,190 ($415.00) previously and closed at $409½-410 from $413½-413¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $409.50 from $414.0.

In Zurich gold finished at $409-$412 from $412-415.

In Paris the 12½ kilo bar was fixed at FFr 106,400 per kilo ($412.07 per ounce) in the afternoon compared with FFr 106,400 ($411.99) in the morning and FFr 107,100 ($415.81) on Wednesday afternoon.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct.	409.60-09.9	—4.45	410.00-09.4
Nov.	412.50-13.5	—4.50	—
Dec.	415.80-16.1	—5.80	416.70-14.7
Jan.	419.50-20.2	—3.80	—
Feb	423.00-23.5	—3.45	422.80
Mar.	426.50-27.5	—3.75	—
April	430.50-31.3	—3.80	—

Turnover: 665 (434) lots of 100 troy ounces.

	Sept. 29		Sept. 28	
Gold Bullion (fine ounce)				
Close	$409¾-410	(£272¾-273¼)	$413-413¾	(£275½-276)
Opening	$409-409¾	(£273-273½)	$414-414¾	(£275¾-276¼)
Morning fixing	$409.50	(£273.456)	$414	(£276.184)
Afternoon fixing	$408.75	(£272.955)	$413.60	(£275.788)

Gold Coins Sept. 29					
Krugrnd	$421¾-422½	(£281-281½)	King Sov	$98¼-99¾	(£65½-66½)
½ Krg	$217½-218¼	(£145-145½)	Victoria Sov	$98¼-99¾	(£65½-66½)
¼ Krg	$111-111¾	(£74-74½)	French 20s	$82-83¾	(£54¾-55¾)
1/10 Krug	$45¼-46	(£30¼-30¾)	50 pesos Mex	$500-502	([illegible]334½)
Mapleleaf	$421½-422¼	(£280¾-281¼)	100 Cor. Aust	$401-406	([illegible]70½)
New Sov	$96¼-97	(£64¼-64¾)	$20 Eagles	$600-605	(399¾-[illegible])
½ New Sov	$57¾-58¼	(£38½-38¾)			

EUROPEAN MARKETS

ROTTERDAM, Sept 30.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Oct 153.50, Nov 158, Dec 161, Jan 163.50; U.S. Northern Spring 14 per cent protein Oct 165, Nov 186, Dec 188; U.S. Three Amber Durum Spot 211, Oct 208, Nov 211.50.

Maize—(U.S.$ per tonne): U.S. Three Yellow Sept 161.50, Oct 159.50, Nov 150, Dec 159, Jan-March 160.75, April-June 164 sellers; Argentine mid-Oct-mid-Nov 166 sellers.

Soyabeans—U.S.$ per tonne): Two Yellow Gulfports Oct 337, Nov 338.50, Dec 340.50, Jan 345.75 Feb 349, March 351.50, April 351.50, May 352 sellers; Argentine Afloat 332, Oct 334 sellers.

Soyameal—(U.S.$ per tonne). 44 per cent Afloat 285, Sept 286, Oct 286, Nov 270, Dec 274, Nov-March 276 sellers; after Jan 275 traded. Pellets Brazil Afloat 280, Sept 281, Oct 287, Nov 298, Dec 298 sellers; Pellets Argentine Afloat 267, Sept 270, Oct 279, Nov 284, Dec 285 sellers

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES fell sharply on the London Metal Exchange. Values remained under pressure throughout the day but sustained heavy losses in unofficial inter-office trading when sizeable U.S. selling became evident. COPPER was trading at £1,022 at the close of the kerb but retreated to around £1,015 after-hours as the American pressure appeared. LEAD was finally quoted at £278.5, ALUMINIUM £1,085.25, NICKEL £3,190 and TIN £8,582.5. ZINC was a notable exception and raced ahead to touch £571 before closing at £569.25 owing to persistent buying interest.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1000-1	—2.25	997-8	—9.5
3 months	1027.5-8	—2.5	1024-.5	—9.5
Settlem't	1001	—2	—	—
Cathodes				
Cash	976.5-6.5	—5	974-5	—7.5
3 months	1002-3	—1	999-1000	—8
Settlem't	976.5	—3.5	—	
U.S. pro'd	—	—	*73.5-7	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,000.50, three months £1,028.00, 28.50, 28.00, 27.50, 28.00, 28.50, 28.00, 27.50. Cathodes: Cash £975.50. Kerb: Higher Grade three months £1,028.00, 29.00, 29.50, 30.00. Afternoon: High Grade three months £1,027.00, 26.00, 27.00, 26.50, 27.00, 25.00, 26.50, 26.00, 25.50, 25.00, 24.50, 24.00. Kerb: Higher Grade three months £1,024.00, 23.50, 23.00, 22.50, 22.0. Turnover: 17,250 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8505-10	—22	8482-5	—36.5
3 months	8590-600	—10	8580-5	—27.5
Settlem't	8610	—20	—	......
Standard				
Cash	8498-500	—27.5	8482-5	—34
3 months	8590-600	—12.5	8580-5	—20
Settlem't	8500	—28	—	......
Straits E.	$29.95	—0.17	—	......
New York				

Tin—Morning: Standard cash £8,495, 98, 8,500, three months £8,595, 85, 90. High Grade: cash £8,505, 70. Kerb: Standard cash £8,490, 95, three months £8,595, 90. Afternoon: Standard cash £8,482, three months £8,585. Kerb: Standard three months £8,580, 75, 70, 65, 70. Turnover: 1,840 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	280.75-1	+1.37	277.5-8	—3.75
3 months	291-.5	+1.75	287.5-8	—3.75
Settlem't	281	+1	—	......
U.S. Spot	—	......	*22-5	......

Lead—Morning: Three months £292.00, 91.50, 91.00, 91.50. Kerb: Three months £290.00, 89.50, 90.00, 91.00, 91.50. Afternoon: Three months £290.00, 89.50, 89.00, 88.50, 89.00. Kerb: Three months £288.00, 88.50. Turnover: 7,550 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	547-8	+6.75	549.5-9.5	+7
3 months	563.5-4	+6.5	564.5-5	+7.5
Settlem't	548	+7	—	......
Primw'ts	—	......	*46-.75	......

Zinc—Morning: Three months £559.00, 59.50, 60.00, 61.00, 61.50, 62.00. Kerb: Three months £563.00, 64.00, 65.00, 66.00. Afternoon: Three months £565.00, 64.50, 65.00, 66.00, 65.00, 64.50, 64.00, 64.50. Kerb: Three months £566.00, 67.00, 68.00, 69.00, 69.50, 70.00, 71.00, 70.00, 69.00. Turnover: 23,525 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1057-8	—4	1052.5-3	—11.5
3 months	1085.5-6	—4.5	1081.5-2.5	—11.25

Aluminium—Morning: Three months £1,085.00, 85.50, 85.00, 86.00, 85.50, 86.00. Kerb: Three months £1,095.50, 96.00, 97.00, 98.00, 97.50. Afternoon: Three months £1,085.50, 85.00, 84.00, 83.50, 83.00, 82.50, 83.00, 81.00, 80.00, 81.00, 82.00, 81.50, 81.00, 82.00, 82.50, 82.00. Kerb: Three months £1,083.00, 83.50, 84.00, 83.00, 84.00, 85.00, 85.50, 84.50, 84.00, 85.00. Turnover: 17,200 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3110-2	—28	3090-5	—20
3 months	3195-8	—18.5	3170-3	—51

Nickel—Morning: Three months £3,190, 95, 97, 99, 3,200, 3198, 95. Kerb: Three months £3,200. Afternoon: Three months £3,130, 85, 80, 85, 80, 75, 70. Kerb: Three months £3,175, 80. Turnover: 2,562 tonnes.

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 77 (78) lots of 10,000 ozs. Morning: Three months 800.0, 799.0, 99.1, 99.2, 800.0. Kerb: Three months 800.5. Afternoon: Three months 791.0. Kerb: Three months 790.0, 90.5, 91.0, 90.5, 89.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	781.30p	—12.9	772.5p	—22
3 months	799.00p	—13.85	790.75p	—22
6 months	817.80p	—14.0	—	......
12 months	853.60p	—14.7	—	......

Silver was fixed 12.9p an ounce lower for spot delivery in the London bullion market yesterday at 781.3p. U.S. equivalents of the fixing levels were: spot $11.712, down 19.3c; three-month $11.984, down 20.0c; six-month $12.278, down 20.8c; and 12-month $12.841, down 21.5c. The metal opened at 780-782p ($11.68-11.72) and closed at 772-774p ($11.59-11.63).

COCOA

Following an easier opening futures rallied in light trading conditions and ended the day on a steady note at the upper end of a £40.00 trading range. Physicals remained unattractive to either producers or consumers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1450-69	+17.0	1460-58
Dec.	1495-97	+21.5	1505-84
March	1490-91	+17.0	1500-69
May	1501-02	+11.0	1508-88
July	1514-17	+12.0	1520-00
Sept.	1525-26	+10.5	1526-25
Dec.	1530-31	+7.5	1536-15

Sales: 3,552 (5,431) lots of 10 tonnes.

ICO—Indicator prices (U.S. cents per pound): Daily price for Sept 29: 98.37 (97.39): five-day average for Sept 30: 97.90 (98.49).

COFFEE

The market continued the recent advance with all positions trading at fresh contract highs, reports Drexel Burnham Lambert. Gains of £5.00-£15.00 were maintained throughout the morning session before a sharp decline in New York triggered a slight retracement.

COFFEE	Yest'day's Close	+ or —	Business Done
Sept.	1816-21	+06.0	1829-12
Nov.	1800-01	+05.0	1811-91
January	1756-67	—1.0	1778-51
March	1706-08	—4.0	1716-02
May	1672-76	—4.0	1686-74
July	1650-58	—5.0	1665-55
Sept.	1634-35	—7.5	1646-36

Sales: 4,127 (4,291) lots of 5 tonnes.

GRAINS

Business done—Wheat: Nov 121.60-121.00, Jan 124.60-124.05, March 127.15-126.80, May 130.05-129.50, July 133.00-132.70. Sales: 32 lots of 100 tonnes. Barley: Nov 118.60-118.25, Jan 121.35-121.10, March 124.05-123.70, May 126.15-125.75. Sales: 177 lots of 100 tonnes.

WHEAT			BARLEY	
Mnth.	Yestrday's close	+ or —	Yest'day's close	+ or —
Nov.	121.00	—1.00	118.30	—0.50
Jan.	124.10	—0.85	121.20	—0.45
Mar.	126.60	—0.95	123.80	—0.55
May	129.50	—0.85	125.90	—0.50
July	132.75	—0.85	—	—

HGCA — Locational ex-farm spot prices. Other milling wheat: S. West 124.70. Feed wheat: S. East 119.10, S. West 121.30, N. West 120.40. Feed barley: S. West 118.40, W. Midlands 117.60, N. West 117.90. The UK monetary coefficient for the week beginning Monday October 3 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Oct 134.50, Nov 135.00, Dec 136.50 transhipment East Coast sellers. English feed fob Oct-Dec 126.50 East Coast seller. Maize: French Oct 145, Nov 147 transhipment East Coast seller. Barley: English feed fob Jan-March 128 East Coast. Oct 121.75 Peterhead seller.

POTATOES

The market was quiet, consolidating recent rapid rise at slightly lower levels, closing near the lows.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	149.00	151.00	148.50-48.0
Feb.	181.50	185.00	184.00-81.0
April	211.50	216.00	214.50-10.5
May	216.00	219.00	219.00-16.0
Nov.	83.00	82.50	—

Turnover: 799 (1,926) lots of 40 tonnes.

SOYABEAN MEAL

Prices opened limit-down in weaker cash markets reports T. G. Roddick. The market continued to decline on long liquidation.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October	—	—	176.10-75.00
Dec	185.00-85.10	—7.15	185.50-82.50
Feb.	189.00-89.40	—7.10	191.00-89.00
April	188.50-89.50	—7.35	191.00-90.00
June	185.00-86.50	—8.50	—
August	185.00-87.00	—8.25	—
October	178.50-81.00	—7.25	—

Sales: 602 (236) lots of 100 tonnes.

RUBBER

The physical market opened slightly steadier, attracted little interest throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 251.75 (251.00) cents a kg and for SMR20 211.00 (210.50).

No. 1 R.S.S.	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	753-755	748-749	754-745
Dec	759-760	750-755	760-756
JanMch	774-777	763-764	777-763
Apl-Jne	792-793	779-781	792-786
Jly-Sept	807-809	795-796	808-802
Oct-Dec	822-826	810-812	—
JanMch	838-839	826-828	—
Apl-Jne	850-853	844-845	—
JlySept	866-870	858-862	—

Sales: 70 (145) lots of 15 tonnes, 38 (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 75.50p (74.25p); Nov 77.50p (76.75); Dec 78.00p (77.25p).

SUGAR

LONDON DAILY PRICE—Raw sugar £162.00 (£157.00) a tonne for Sept-Oct-Nov shipment. White sugar £178.00 (£173.50).

The market initially gained some ground but there was a lack of buying interest at the higher levels and prices slipped back again. Reports C. Czarnikow.

No. 4 Contract	Yest day's close	Previous close	Business done
	£ per tonne		
Oct	152.75-53.00	164.75	167.25-62.00
Dec	172.90	175.50-74.00	174.50-72.90
Mar.	185.75	185.00	186.50-73.50
May	188.50-88.75	190.00	191.50-88.00

Sales: 5,755 (8,167) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £272.00 (£267.00) a tonne for export.

Caribbean ports. Prices for Sept 28: Daily price 9.77 (9.25); 15-day average cents per pound) fob and stowed 9.25 (same).

International Sugar Agreement (U.S.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 101 tonnes. Minor replacements were required, but deliveries were not needed until much later in the year. Scattered operations were mentioned in Russian types. While African growths were supported in numerous directions.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business) Australian cents per kg). Oct 547.5, 548.5, 548.0-546.0; Dec 566.0, 586.0, 566.5-565.5; March 584.0, 585.0, untraded; May 596.0, 598.0, 598.0-595.5; July 609.0, 611.0, 610.0-610.0; Oct 604.0, 607.0, 605.0-605.0; Dec 612.0, 616.0, 614.0-614.0; March 62.20, 625.0, untraded. Sales: 100.

MEAT/FISH

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: shelf cod £3.50-£7.70, codlings £2.00-£4.00; large haddock £3.00-£4.00, medium £2.00-£3.00; large plaice £4.00-£4.80, medium £4.00-£5.40, best small £3.40-£4.70; skinned dogfish, large £4.00-£7.50, medium £4.00; lemon sole, large £11.00, medium £5.00; rockfish £1.20-£3.80.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.49p per k glw (+0.35); GB—Sheep 124.00p per kg est dcw (−0.35); GB—Pigs 78.71p per kg lw (−3.01).

Lettuce—U.S.: iceberg 30's 14.00-15.00. Cucumbers — Tray Dutch: 3.00-3.20; Spanish: 2.20-2.40. Courgettes—French: Per pound 0.25-0.28.

English produce: Apples—Per pound Bramley new season 0.10-0.14, Howgate 0.09, Worcester Pearmain 0.14-0.20, Cox's 0.18-0.25, Russet 0.18-0.22, Charles Ross 0.16-0.18. Pears — Per pound, Comice 0.18-0.23, Conference 0.10-0.14. Strawberries — 8-ozs 0.35-0.50 according to condition. Raspberries—4-oz punnets 0.40-0.70 according to quality. Plums—Per pound Marjone 0.22-0.24. New Potatoes — 4.00-5.00. Mushrooms — Per pound, open 0.60-0.70, closed 0.80-1.00. Lettuce—Per tray, round 0.80-1.00, Webb's 2.00-2.30, Cos 2.00-2.20, Iceberg per dozen 7.50-8.00. Onions—Per 55-lbs 3.80-4.00. Cabbages—Per 25-lbs Primo 3.00-3.20. Greens—28-lbs Kent 2.50-3.00. Cauliflowers—12's Lincoln 2.00-3.00. Cucumbers—2.80-3.40. Tomatoes—hothouse, 12-lbs 2.30-2.50. Celery — 3.00-3.50. Beetroots — 28-lbs 2.20-2.80. Turnips—28-lbs 2.00-3.00. Swedes—28-lbs 2.00-2.20. Sugar Peas—Per pound 1.50-2.00. Capsicums — Green per pound 0.20-0.25. Corn cobs—Each 0.08-0.14. Leeks—Per pound 0.25-0.30. Carrots—28-lbs 1.50-2.00. Parsnips—28-lbs 2.50-3.00. Courgettes—Per pound 0.20-0.25. Stick Beans — Per pound 0.30-0.40. Sprouts—Per pound 0.20-0.22.

INDICES

FINANCIAL TIMES

Sept. 28	Sept. 27	M'th ago	Y'ar ago
287.77	290.16	293.02	250.94

(Base: July 1 1952=100)

REUTERS

Sept 29	Sept. 28	M'th ago	Y'ar ago
1889.5	1887.5	1909.0	1506.3

(Base: September 18 1931=100)

MOODY'S

Sept. 28	Sept. 27	M'th ago	Yearago
1059.3	1058.6	1082.1	983.5

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept. 28	Sept 27	Month ago	Year ago
Spot	142.22	142.73	151.47	122.58
Fut's	149.38	149.86	151.08	128.20

(December 31 1931=100)

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 80.0 to 85.0. Lamb: English small 58.0 to 62.0, medium 56.0 to 60.0, heavy 52.0 to 56.0; imported: New Zealand PL 59.5 to 60.0, PX 56.5 to 57.0. Pork: English under 100 lbs 50.0 to 55.0, 100-120 lbs 48.5 to 54.0, 120-160 lbs 46.0 to 54.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported produce: Tangerines—Brazilian: Honey tray 5.20-5.50. Oranges — Outspan: Valencia Lates 40 6.0, 48 6.80, 56 7.70, 72 7.40, 88 7.10, 112 6.10, 138 5.90, 150 5.00; Brazilian: Valencia Lates 5.50-6.00. Lemons — Outspan: Carton 9.00-12.00, small sizes 6.00-8.00; Italian: Carton 7.50-10.00; Turkish: 7.00-9.00; Chilean: Box 11.00-12.00. Grapefruit—Outspan: 27 5.70, 32 6.70, 36 6.90, 40 6.80, 48 7.40, 56 7.40, 64 7.40, 72 5.00; Honduras: Box 6.00-6.50; Dominican: 6.00-7.00; Cuban: 4.80-5.00. Apples—French: Golden Delicious (new crop) carton 5.50-5.80, half-carton 2.80-2.90, Granny Smith 9.50-9.80, half-carton 4.80-5.00, Starkrimson carton 7.00-7.40. Pears—French: Per pound Williams 0.15; Italian: Williams 0.18-0.21. Grapes—Italian: Per pound Alphonse 0.30-0.32, Italia 0.30-0.34; Spanish: Italia 0.30-0.35, Almeria 0.20-0.22, Napoleon 0.28-0.30; French, Alphonse 0.20-0.24. Nectarines—Italian: Large trays 6.00-7.00; U.S.: 64's 12.00. Plums—Italian: Per pound Stanley 0.14-0.15, President 0.20-0.25; Romanian: Blue 0.15. Watermelons — Spanish: 15 kg 2.50-2.80. Melons—Spanish: Yellow 10 kg 2.00-3.20, Green 3.00-3.50; French: Large trays Charentais 5.00-6.00, Galia large trays 4.00-4.50. Bananas — Colombian: 40 lb boxes 10.60-11.00. Avocados—South African 5.50-6.00; Canary: 5.50-6.00. Pineapples—Each Kenyan: 1.20-1.80; Ivory Coast 0.35-1.20. Paw paws — Brazilian 7.00-7.50. Mangoes — Israeli. 6.50-7.00. Fennel—Dutch: 5 kg 5.20-5.50. Kiwifruit — New Zealand: 6.00-6.20. Tomatoes — Spanish: Tray 2.80-3.00; Dutch Tray 2.80-3.00. Beefsteak 4.50-4.80. Aubergines — Dutch: 5 kg 6.60-8.00. Onions—Spanish: Grano 25 kg nets 4.00; Dutch: 50/70 mm 4.00. Capsicums—Dutch: Yellow 6.00, green 3.30, red 5.00-5.50. Cabbages—Dutch: Red 6.00, White 5.60. Potatoes—Cyprus: 44 lb bag 4.00-4.30. Sugar Peas — Kenyan: Per pound 1.90-2.00. Globe artichokes—French: 24's 9.80-10.00.

AMERICAN MARKETS

NEW YORK, September 29

Precious metals declined sharply both on fundamental and technical grounds. Depressed gold mining stocks in the stock market plus a major build up in silver stocks were the trigger points for long liquidation which was then followed by technical selling as important lines of support were violated. Also a disappointment on the part of the longs with the general performance of the gold in recent weeks weighed heavily on the market. Copper prices were under enormous pressure of massive liquidation which helped establish new contract lows on this move. Heavy arbitrage selling added to the distress nature of the market. Heating oil prices were all sharply lower, on follow through selling from the previous day with a build-up in distillate stocks and forecasts of above normal temperatures in the north east. Grains and soyabeans were again sharply lower as forced liquidation of longs on late margin calls pushed all values lower except for maize, where a closing rally advanced the market for moderate net gains. Sugar came under pressure late in the day due to the postponement of the new ICA agreement, which has been put back to February. Cocoa prices finished sharply higher on new concern about the size and quality of the Ecuadorian crop. Coffee was slightly lower on the close as dealers and trade decided to take profit on recent good gains in price. Cotton prices were lower on light selling in sympathy with the soyabeans with good support by the trade at the lows.

NEW YORK

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	135.47	136.90	135.00	135.68
March	131.85	132.90	131.50	131.96
May	129.58	130.05	129.10	129.29
July	127.28	128.15	127.50	127.60
Sept	125.05	125.80	125.50	125.75
Dec	123.51	125.00	123.51	123.87

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	66.50	67.20	67.20	68.45
Nov	67.00	—	—	69.05
Dec	67.65	69.30	67.50	69.70
Jan	68.30	70.00	68.95	70.40
March	69.65	71.30	69.55	71.80
May	70.95	72.60	70.70	73.10
July	72.25	73.90	72.20	74.45
Sept	73.56	75.20	73.60	75.80
Dec	75.60	77.20	75.70	77.90
Jan	76.25	78.00	76.60	78.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	74.45	74.55	73.50	74.30
Dec	76.25	76.42	75.35	76.16
March	77.99	78.12	77.05	77.88
May	78.75	78.90	78.15	78.70
July	79.25	79.25	78.60	79.35
Oct	74.50	74.70	74.70	75.10
Dec	73.90	74.20	73.90	74.60
March	74.70	75.20	74.65	75.15

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	405.3	409.8	401.0	411.0
Nov	408.4	—	—	414.3
Dec	411.5	416.5	407.0	417.6
Feb	418.3	423.5	413.0	424.6
April	425.3	430.2	421.8	431.8
June	432.5	437.6	429.5	439.1
Aug	439.8	443.0	437.0	446.5
Oct	447.3	452.7	448.0	454.3
Dec	455.0	460.5	463.0	462.1
Feb	462.8	468.0	458.0	470.0
April	470.7	476.5	475.5	478.0
June	478.7	483.5	482.5	486.1
Aug	486.8	—	—	—

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	119.25	119.25	118.60	118.90
Jan	114.70	114.70	113.85	114.20
March	113.00	113.50	112.60	113.15
May	112.30	112.50	111.95	112.35
July	112.10	112.30	112.25	112.30
Sept	112.20	112.30	112.00	112.30
Nov	110.80	—	—	110.75
Jan	110.00	—	—	110.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	404.0	421.0	402.0	422.9
Jan	414.2	430.0	412.9	432.9
April	420.7	434.5	418.9	438.9
July	428.7	441.5	426.9	446.9
Oct	436.7	—	—	455.4

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	1129.0	1160.0	1124.0	1182.5
Dec	1151.0	1190.0	1151.0	1201.0
Jan	1161.3	1185.0	1187.0	1211.3
March	1182.0	1222.0	1182.0	1232.0
May	1203.3	1240.0	1203.3	1253.3
July	1224.7	1250.0	1224.7	1274.7
Sept	1246.1	1275.0	1246.1	1296.1
Dec	1278.1	1320.0	1278.1	1328.1
Jan	1289.1	—	—	1339.1
March	1311.1	1345.0	1340.0	1361.1

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	9.59	10.11	9.58	10.00
Jan	10.38	10.80	10.40	10.75
March	10.86	11.29	10.78	11.28
May	11.20	11.70	11.15	11.65
July	11.50	11.97	11.50	11.86
Sept	11.67	12.15	11.67	12.13
Oct	11.86	12.29	11.86	12.28
Jan	12.31	12.80	12.80	12.76

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	61.05	61.35	60.85	61.00
Dec	61.05	61.20	60.72	60.82
Feb	61.20	61.70	61.00	61.45
April	63.22	63.75	63.15	63.57
June	65.07	65.50	65.05	65.37
Aug	64.20	64.55	64.10	64.47

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	41.45	42.35	41.25	42.02
Dec	41.38	42.30	40.90	42.15
Feb	44.55	45.95	44.42	45.82
April	45.05	46.25	45.00	45.97
June	50.40	51.97	50.40	51.80
July	53.05	54.10	52.70	53.85
Aug	52.40	53.30	52.30	53.12
Oct	51.60	52.60	51.60	52.40
Dec	52.55	53.20	52.50	53.10

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	351.4	352.0	342.0	348.4
March	363.4	354.0	344.6	352.0
May	353.6	354.0	345.4	353.4
July	351.4	352.0	344.0	353.2
Sept	326.2	326.4	320.0	327.0
Dec	307.4	309.0	301.0	308.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	58.12	60.67	58.12	60.12
March	58.30	60.70	58.30	60.30
May	60.07	62.25	60.85	61.85
July	61.25	63.35	61.20	62.90
August	60.40	62.40	60.30	61.75

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	854.0	883.0	841.0	868.0
Jan	864.0	874.0	851.4	880.4
March	873.0	882.0	860.0	889.0
May	870.4	887.0	859.4	889.4
July	862.4	872.0	850.4	880.4
August	839.0	845.0	822.0	847.0
Sept	765.0	770.0	750.0	768.0
Nov	691.0	704.0	681.0	695.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	229.7	230.0	225.0	228.5
Dec	234.7	236.5	229.0	233.5
Jan	235.3	236.0	230.0	235.0
March	237.7	238.0	231.0	236.0
May	237.5	237.5	230.5	236.7
July	238.0	238.0	231.0	236.0
Aug	227.5	230.0	222.6	226.2
Sept	218.5	220.0	210.0	217.0
Oct	198.0	200.0	192.0	199.7
Dec	197.0	198.0	194.0	199.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	31.55	32.25	31.55	32.55
Dec	31.97	32.25	31.97	32.97
Jan	31.94	32.25	31.93	32.93
March	31.65	32.00	31.85	32.65
May	30.96	31.10	30.83	31.83
July	30.05	30.25	30.05	31.06
Aug	28.50	28.75	28.50	29.50
Sept	26.30	26.80	26.20	27.20
Oct	24.87	25.05	24.55	25.55
Dec	24.25	24.40	24.10	24.70

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	370.0	370.4	365.4	371.2
March	383.4	384.4	380.4	386.4
May	390.0	391.0	386.0	392.0
July	383.2	384.4	380.4	386.0
Sept	390.2	391.0	388.0	393.0
Dec	402.0	402.4	399.0	404.4

SPOT PRICES—Chicago loose lard 21.50 (same) cents per pound. New York tin 589.00-593.00 (590.00-594.00) cents per pound.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	94⅛	94⅝	−0⅛	+0⅛	11.49
Bank of America 8 88 XW	150†*	86	87	+0¼	+0¼	12.85
Bank of Tokyo Hold 11 90	100	94½	95	−0⅛	+0⅝	12.18
British Col Hyd 10⅛ 88	200	96⅞	97⅜	0	+0¾	11.06
C.C.C.E. 11¾ 97	100	94	94½	−0¼	+1⅛	12.62
Can Imp Bk Com 11 90	75	92½	93¼	−0⅛	+1¼	12.62
Citicorp O/S 10⅜ 90	100	92⅝	93⅛	0	+0½	11.96
Coca Cola Int 9⅞ 92	100	93⅛	93⅝	−0¼	+0½	11.08
Cred Suisse BAH 10½ 90	150†	96¼	96¾	0	+0⅝	11.26
Credit Suisse 10½ 89	100†	99	99½	−0⅜	+1⅜	10.85
Den Norsk Cred 11¼ 93	50	93¾	94¼	−0⅛	+1⅜	12.32
Du Pont 11¼ 95	150	98⅝	99⅜	0	+0¾	11.29
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	−0⅛	+0⅝	11.88
E.D.C. 10¾ 88	100	97⅛	97⅞	−0¼	+0⅝	11.44
E.D.C. 11¾ 87	100	100⅞	101⅜	−0¼	+0⅞	11.37
E.D.F. 11⅛ 93	100	93⅛	93⅝	−0¼	+0⅞	12.31
E.E.C. 10¾ 95	75†*	90¼	90¾	+0⅝	+1¾	12.31
E.E.C. 11 87	350	98⅛	98⅝	−0⅜	+0⅛	11.52
E.I.B. 10¾ 93	200	92½	93	−0⅛	+0⅝	12.04
E.I.B. 11 91	125	95¼	95¾	−0⅜	+0⅝	11.91
Electrolux 10½ 90	50	91½	92	−0⅛	+0⅛	12.36
Enserch Fin 11⅝ 93	100	95⅞	96⅜	−0⅛	+0⅞	12.31
Fuji Int Fin 10⅞ 90	100†	93	93½	−0¼	+0⅞	12.38
Gen Elec Credit 9¾ 91	100	92¼	92¾	−0⅜	+0⅝	11.22
GMAC O/S Fin 10½ 90	200	96⅝	97⅛	+0⅛	+0¼	11.19
Honeywell Int 10¾ 90	100	97¾	98¼	−0⅛	+0⅝	11.17
Indust Bk Japan 10⅞ 88	100	97½	98	−0⅜	+0⅜	11.49
Japan Air Lines 10⅞ 98	42	93½	94	0	+1⅛	11.77
Japan Air Lines 11 93	75	95¼	95¾	−0⅛	+0¾	11.78
J. P. Morgan 11⅜ 90 WW	150	98½	99	−0⅜	+0⅛	11.63
Levi Strauss Int 11 90	75	97	97½	−0¼	+1	11.58
L.T.C.B. 10¾ 90	100	93⅜	93⅞	−0¼	+0⅝	12.17
L.T.C.B. 12½ 90	85	102	102½	−0⅛	0	12.01
Merrill Lynch 10⅝ 90	200	96⅛	96⅝	−0⅜	+0½	11.41
Midland Int Fin 11½ 92	150	97¼	97¾	−0⅛	+0¾	11.95
Mitsubishi Corp 10½ 90	100	93⅞	94⅜	−0¼	+0⅞	11.88
Mitsubishi Fin 11⅜ 90	100	95⅝	96⅛	0	+1	12.28
Nippon Credit 11 90	100	94	94½	−0¼	+0¼	12.29
D.K.B. 10 91	100	90⅝	90⅞	−0⅛	+0¾	11.92
Ontario Hydro 10¼ 90	250	93⅛	93⅝	−0¼	+0½	11.71
Ontario Hydro 11¼ 89	200	99⅞	100⅜	0	+1⅛	11.19
Ontario Hydro 12¾ 92	200	104½	105	0	+1⅛	11.86
Prudential O/S 10⅝ 93	100	95½	96	−0¼	+0½	11.35
Prudential O/S 12¾ 87	150	104⅜	104⅞	0	+0¼	11.25
Saskatchewan Pr 10¾ 90	125	95⅜	95⅞	−0¼	+1	11.72
S.N.C.F. 11½ 93	100	96¼	96¾	−0⅛	+1	12.11
Sth Cal Edison 10½ 90	75	96⅜	96⅞	−0¼	+0¾	11.22
Sumitomo Fin 10⅞ 90	100	93¼	93¾	−0⅛	+0⅝	12.33
Swiss Bk Corp 10¼ 90	250†	98⅛	98⅝	−0⅛	+1⅛	10.59
Texaco Capital 9¾ 90	150	94½	95	−0⅛	+1	10.90
U.B.S. 10 88	100	97¼	97¾	−0⅛	+1⅛	10.68
U.B.S. 11 89	150	101½	102	0	+1	10.58
Westpac Int Fin 11 90	100†*	93	94	0	0	12.46
World Bank 10⅞ 88	150	96½	97	−0¼	+0⅞	11.29
World Bank 10⅞ 93	100	94⅜	94⅞	−0¼	+0⅝	11.82
World Bank 11¼ 88	100	98½	99	−0¼	0	11.56
World Bank 11½ 90	150	98⅛	98⅝	−0⅜	+0½	11.84

Av. price changes: on day −⅛, on week +¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	98⅛	98⅝	−0½	+0¼	7.59
A.N.A.S. 8⅛ 88	100	99	99½	0	0	8.43
Austria, Rep 7⅝ 89	100	98½	99	0	−0⅛	7.89
Austria, Rep 8 93	100	99¾	100¼	+0⅛	+0⅞	7.99
Avon Int Fin 7½ 93	100	98½	99	0	+0½	7.68
B.F.C.E. 8⅛ 90	150	99⅜	99⅞	0	+0⅞	8.31
Comp Tel Nac Esp 8¼ 93	100	94½	95½	+0⅜	+0¼	9.03
Deutsche Bank 3¾ 91 WW	240	107⅛	108⅝	0	+1¼	2.62
Deutsche Bank 3¾ 91 XW	240	81	81½	+0⅜	+0⅞	7.00
Dresdner Finance 4 90 WW	250	108⅞	109⅝	0	+0⅛	2.40
Dresdner Finance 4 90 XW	250	83½	84¼	+0½	+0⅝	7.06
E.C.S.C. 8 90	160	100¼	100¾	+0⅛	+0⅝	7.89
E.E.C. 8¼ 93	250	100⅜	100⅞	0	+0½	8.14
Eurofima 7½ 90	100	98½	99	+0⅛	+0⅛	7.73
Finland Rep 7½ 88	150	98⅞	99⅜	+0⅛	+0¼	7.88
Int-Am Dev Bk 7¾ 93	200	95⅛	95⅝	−0¼	+0⅛	8.47
Int Standard Ele 7¾ 93	100	99⅛	99⅝	0	+0⅝	7.84
Japan Dev Bank 7½ 90	100	99⅜	99⅞	+0⅛	+0½	7.56
Kobe City 7 93	120	95⅜	95⅞	0	+0⅞	7.65
L.T.C.B. 8 90	100	101⅛	101⅝	+0⅛	+1⅜	7.73
Renault Acceptance 8 90	150	97½	98	0	+0¼	8.44
S.D.R. France 7⅞ 93	100	98¼	98¾	−0⅛	0	8.41
Sth African Tran 8¼ 90	100	98¾	99¼	0	0	8.44
Volkswagen Int 7¼ 93	200	97⅝	98⅛	+0¾	+2⅛	7.56
World Bank 7½ 90	250	96¾	97¼	0	+0⅝	8.09
World Bank 7½ 93	300	95¾	96¼	+0⅛	+0¾	8.11

Av. price changes: on day +⅛, on week +⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100†	98¾	99	−0¼	−0¼	5.78
Bank of Tokyo 6 91	100†	101¾	102	0	+0¼	5.70
Bergen, City of 5¾ 95	40*	99¾	100	−0⅛	−0¼	5.76
Carls-Tuborg Brw 5¾ 93	60†	101½	101¾	0	−0½	5.52
Denmark 6⅜ 91	100†	102½	102¾	−0¼	+0⅛	5.94
E.D.C. 5¾ 91	100†	100	100¼	+0½	+1	5.35
E.I.B. 5¾ 93	100†	99	99¼	0	+1	5.87
Ex-Im Bk Japan 5¾ 91	100†	98¾	99	+0⅛	+0¼	5.80
Ind Fund Finland 6¼ 91	40†	101	101¼	0	+0¼	6.06
Int-Am Dev Bk 6⅛ 93	100†	102	102¼	+0⅜	0	5.83
Japan Dev Bank 5½ 93	100†	97½	97¾	−0⅛	−0¾	5.82
Japan Dev Bank 5⅞ 93	100†	99½	99¾	+0¼	+0¼	5.93
Kansai Elec Power 6 91	100†	103	103¼	+0⅜	+0½	5.49
Kawasaki Steel 6⅛ 91	100†	101½	101¾	+0½	0	5.85
Montreal Urban 5¾ 93	100†	101½	101¾	+0½	+0⅛	5.52
Mount Isa Finance 6 93	100†	102½	102¾	0	0	5.64
Nisshin Steel 6¼ 91	100†	100	100¼	0	+0¼	6.22
Osterr Draukraft 6 93	100†	102¼	102½	0	+0⅛	5.67
Osterr Post 6⅛ 91	100†	102¼	102½	−0⅛	−0¼	5.73
Quebec Hydro 5½ 93	100†	100¼	100½	0	−0¼	5.44
Sekisui House 6 93	100†	100¼	100½	−0⅞	−0⅝	5.94
Sumitomo Heavy Ind 6 91	100†	99½	99¾	+0¼	+0½	6.06
Sumitomo Metal Ind 6 91	100†	101	101¼	+0¼	0	5.81
Tokyo Elec Power 5⅞ 91	100†	100	100¼	0	+0¼	5.85
Trizec Corp 6¼ 91	100†	100¼	100½	−1	−1½	6.18
World Bank 5⅝ 93	100†	97¾	98	0	+0⅛	5.92

Av. price changes: on day 0, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	104	104¾	0	−0⅛	7.93
E.I.B. 8⅛ 92	15	102⅛	102⅝	0	−0⅛	7.85
Japan Airlines 7⅞ 87	9†	101¾	102¼	0	−0⅛	7.17
New Zealand 7⅝ 89	15	101⅞	102⅜	0	−0¼	7.17
World Bank 8⅜ 92	20	103⅛	103⅝	0	+0⅛	7.80

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can Pac Secs 11⅞ 90 CS	75†	97½	98	0	−0⅜	12.35
Charb France 11⅞ 95 CS	40†	93¼	93¾	0	−0⅛	12.98
Farm Credit 12⅛ 90 CS	75†	98⅛	98⅝	0	+0½	12.61
Norcen 12¾ 93 CS	60†	96	96½	0	+0¼	13.44
TD MTG Corp 12½ 88 CS	40†	99¾	100¼	0	−0¼	12.48
Quebec Province 12 93 CS	50†	99	99½	+0¼	−1	12.11
Xerox Canada 12 88 CS	40†	101⅝	102⅛	−0⅛	+0⅜	11.47
Forsmarks 11½ 98 ECU	40	103¼	104	0	+0½	10.97
Svenska 11¼ 91 ECU	40	98⅝	99⅜	0	−0⅜	11.42
Algemene Bank 8¾ 88 Fl	150	100¼	100¾	+0¼	−0½	8.61
Bank Mees & Hope 9 88 Fl	75	101¼	101¾	+0⅛	+0½	8.61
Elect Supply 8¾ 88 Fl	75	96⅞	97⅜	+0⅛	+0¼	9.52
P.H.P. 10¾ 88 Fl	50	100	100½	+0⅛	−0¼	8.87
Swed Exp Cred 7¾ 88 FL	100	95⅞	96⅜	+0¼	+0⅞	8.84
World Bank 9 88 Fl	100	101⅞	102⅜	−0¼	+0½	8.46
O.K.B. 14 88 FF	400	100⅝	101⅛	+0⅛	0	13.31
Solvay & Cie 14¾ 88 FF	200	101⅞	102⅜	0	0	13.43
B.F.C.E. 11½ 88 £	50	97⅞	98⅝	0	+0⅝	11.97
British Oxyg 11¾ 91 £	50	100¼	101	0	−0⅛	11.59
CEPME 11¼ 95 £	35†	98½	99½	0	−0½	11.39
E.E.C. 11⅞ 91 £	50	99⅝	100⅛	−0¼	0	11.98
Fin For Ind 10½ 90 £	20	94⅞	95⅛	0	+0¼	11.65
Fin For Ind 12¾ 88 £	30	103⅝	104¼	0	+0⅜	11.26
Finland Rep 11⅞ 88 £	50	98¾	99½	0	0	12.11
Fin Mat Oranj 12⅝ 92 £	30	101½	102¼	0	−0⅛	12.26
Gen Elec Co 12½ 89 £	50	102⅞	103⅝	0	0	11.71
Mort Bk Fin 11¾ 89 £	15	97	98	+0⅛	+0½	12.33
Norsk Hydro 12 90 £	30	102	102¾	−0¼	0	11.42
S.N.C.F. 11½ 89 £	30	96⅞	97¼	0	+0⅝	12.15
Sweden 11¼ 93 £	50	95⅝	96⅜	−0⅛	+1	11.95
Swed Exp Cred 11¼ 88 £	30	97	97¾	0	+0⅛	11.97
World Bank 11⅛ 88 £	100	97¾	98½	0	+0⅛	11.63
World Bank 11⅝ 91 £	75	99⅝	100⅜	−0⅛	+0⅜	11.36
Euratom 11 93 LuxFr	500	101¼	102⅛	0	−1⅜	10.69
Europarat 10¾ 93 LuxFr	600	102¾	103¾	0	+0¼	10.18

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99⅝	99⅞	27/1	10⅝	10.90
B.F.C.E. 5⅛ 88	0¼	99½	99¾	20/1	10.18	10.21
Caisse Nat Tels 5¼ 90	0¼	99¼	99½	21/10	9.56	9.62
C.C.F. 5¼ 95	0¼	99¼	99½	7/10	10.19	10.25
C.C.F. 5¼ 98	0¼	99¾	100	24/3	10.19	10.20
Cepme 5¼ 88 WW	0¼	99½	100	3/12	10.56	10.59
Cepme 5¼ 92	0¼	99⅝	99⅞	10/12	10½	10.53
Chemical NY 5¼ 94 ††	0¼	100⅜	100⅝	23/12	10	9.95
C.N.C.A. 5¼ 95 XW	0¼	99¼	99½	7/12	10	10.06
C.N.T. 5¼ 91	0¼	99	99¼	6/11	9¼	9.33
Credit Agricole 5¼ 97	0¼	99⅜	99⅝	24/3	10.31	10.36
Credit Lyonnais 5¼ 94	0¼	99⅜	99⅝	5/1	10.31	10.36
Credit Lyonnais 5¼ 97	0¼	99¼	99½	1/10	10.06	10.13
Credit Nat 5¼ 94	0¼	99⅜	99⅝	9/3	10¾	10.80
E.D.F. 5¼ 95 XW	0¼	99¾	100	10/2	11⅜	11.39
E.E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.19	10.19
Kansallis Osake 5¼ 92	0¼	100⅜	100⅝	6/11	9⅛	9.08
Long Term Cred 5¼ 92	0⅛	100	100¼	27/11	9¾	9.74
J.P. Morgan 5¼ 97 S	0¼	101	101¼	12/11	10.81	10.69
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.86	10.83
NZ Steel Dev 5¼ 92	0¼	100⅛	100⅜	22/12	10¼	10.21
Nippon Credit 5¼ 90	0⅛	100½	100¾	10/2	11¼	11.18
Soc Generale 5¼ 90 XW	0¼	99	99¼	9/11	9⅛	9.21
Société Générale 5¼ 95	0⅛	99⅝	99⅞	1/3	10.31	10.34
Sweden 5¼ 89	0¼	100⅛	100⅜	26/2	10.19	10.16
Sweden 5¼ 93	0¼	100½	100¾	3/2	11.19	11.12

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	107¾	108⅜	+2⅛	5.73
Canon 7 97	7/82	748.2	232⅜	234⅜	−1⅞	15.34
Daiwa Sec Co 5½ 98	10/83	508	97½	98¾	+0⅛	4.27
Hitachi Cable 5¼ 96	2/82	515	107¾	109¼	−0⅜	1.73
Honda Motor 5¼ 98	6/83	604	108¼	109¼	+0¼	2.21
Honda Motor 5½ 97	3/83	759.6	124	125½	+1⅛	8.28
Kumagai Gumi 6½ 97	10/82	409	122	123½	+1	8.44
Kyowa Hakko 6¼ 97	2/83	762	116½	118	−1¼	11.69
Minebea Co Ltd. 5½ 98	5/83	667	133¾	134⅞	−0¾	−0.82
Mitsubishi Electric 5¼ 98	6/83	396	113⅜	114⅞	−0⅝	1.95
Nippon Electric 5¼ 97	2/82	765.9	181½	183½	−3⅝	2.44
Nippon Oil Co 5½ 98	4/83	964	123⅜	124⅞	−1¾	−0.88
Nissan Motor 5¾ 98	4/83	770	94	95	−0¼	7.73
Olympus Optical 6¾ 97	12/82	1331	108⅛	109⅝	−1½	3.32
Orient Finance 5¼ 97	3/82	927.2	94⅞	95⅞	−1⅛	2.71
Orient Leasing 5¼ 98	6/83	2688	97	98	−0⅝	−4.77
Secom 5 98	11/83	2920	122	123½	−0⅞	1.82
Sumitomo Electric 5½ 97	3/82	577.3	114⅛	115⅝	−1	−1.12
Sumitomo Metal 5¼ 96	10/81	296.1	76½	77	−0¾	37.97
Yamaichi Sec Co 5 98	6/83	472	94⅛	95⅝	−0⅞	−2.57
NEC Corp 3½ 93 SF †	6/83	978	151	153	+0⅞	−0.53
Sanyo Electric 3½ 93 SF †	5/83	501	106¾	108⅛	+0¼	10.31
Konishiroku 6¾ 88 DM	6/82	616	117⅞	118⅛	−1¾	−2.96
Mitsubishi Heavy 6 89 DM	2/82	263	113	114¼	−2⅛	−3.81
Sum Realty 6¼ 92 DM	2/83	385	119½	120½	0	−5.63

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SNCF launches £75m issue

BY MARY ANN SIEGHART IN LONDON

THE RECENT surge in demand for sterling assets by banks has led to the reopening of a capital market which has lain dormant for three years.

Yesterday, Société Nationale des Chemins de Fer, the French railway company, issued a £75m floating rate note – a bond whose interest payments are pegged to short-term interest rates.

Only two borrowers have tapped the sterling FRN market before, and for smaller amounts: Lloyds Bank and Scandinavian Bank raised £50m and £30m respectively in the summer of 1980. SNCF's bond was originally scheduled to raise £50m, but the initial market reception was so positive that S. G. Warburg, the lead manager, immediately raised it to £75m.

This week's £500m loan to the Kingdom of Sweden, which was doubled in size because it was so heavily oversubscribed, also gives an indication of the enthusiasm of banks for sterling paper. The SNCF issue has the advantage that because it is a bond it is tradeable.

The heavy demand for sterling has arisen for three reasons. First, the Bank of England has taken steps this year to curtail the growth of the UK acceptance credit market – the market in bills of exchange issued by companies and guaranteed by banks. The Bank has apparently spoken to a number of banks and asked them both to reduce the level of sterling acceptance business and its weighting on their balance sheets. As a result, the banks have been seeking other sterling assets.

On top of this, corporate loan demand has fallen and local authorities who previously borrowed from banks, have been raising funds more cheaply from the Public Works Loan Board.

The SNCF bond will pay ¼ percentage point over the three-month domestic London interbank offered rate – the rate at which banks lend to each other in the interbank market. It has a ten-year maturity which can be reduced to [illegible] years at the option of the i[illegible] and is priced at par.

Activity centres on floating rate notes

BY OUR EUROMARKETS STAFF

MOST OF the activity in the Eurobond market was concentrated on floating rate notes (FRN) yesterday. While attention was mainly focused on the new sterling floater from Société Nationale des Chemins de Fer, the French state railway corporation, one dollar FRN was launched and another's terms were given as a preview to its official launch next week.

Banco Hispano Americano is making its debut in the Euromarkets with a 12-year, $100m floater with a coupon of ¼ point over the six-month London interbank offered rate (Libor) at a price of par. The final maturity is 1995, but investors have the option to redeem their notes after eight or ten years. Commerzbank is leading the deal together with Crédit Lyonnais.

Meanwhile, Crédit Commercial de France announced that it will launch a $100m floater for Banco di Napoli early next week. The note pays ¼ point over six-month Libor at par and the long 12-year maturity is tempered by put options for the investor after six and nine years. Dai-Ichi Kangyo Bank and Bank of America are co-leading the deal.

Nomura International announced yesterday the terms on Mitsui Engineering's bond with warrants. The $50m bond will have a coupon of around 7¼ per cent and a five-year maturity. Each bond will carry one warrant to buy $1000 worth of the company's shares. The conversion premium will be around 2½ per cent. This is the second bond with equity warrants Mitsui has issued within a year.

The dollar secondary market was quiet again yesterday as dealers nervously watched the volatile Fed Funds rate in New York. Prices closed down a little on the day.

The Royal Bank of Canada is raising SwFr 130m through a seven-year private placement with a coupon of 5¾ per cent at a price of 99½.

Markets picked up a little in both Germany and Switzerland yesterday; prices of seasoned bonds rose by up to ¼ point in higher turnover.

Yugoslavian credit

BY JOHN WICKS IN ZURICH

THE SWISS National Bank announced that it last month granted a medium-term credit of $40m to Yugoslavia. This arose out of an earlier guarantee of the sum pledged by the National Bank in connection with the bridging loan granted to Yugoslavia by the Bank for International Settlements.

The credit, which is a finance and not an export loan, was taken [illegible] Yugoslavia in mid-August, [illegible]ing to the National Bank.

It is guaranteed by the S[illegible] federations and is to be re[illegible] four equal annual instalmen[illegible] ing in 1987. The National B[illegible] clined to give details of the i[illegible] rate.

WEEKLY U.S. BOND YIELDS (%)

	Sept 21	Sept 14	1983 High
Composite Corp. AAA	11.88	12.05	12.59
Composite Corp. AA	12.07	12.21	12.83
Government:			
Long-term	11.34	11.59	11.99
Intermediate	11.28	11.52	12.03
Short-term	10.60	10.94	11.26
Municipal	9.52	9.48	9.86
Industrials AAA	11.65	11.76	12.38
Industrials AA	11.89	12.01	12.62
Utilities AAA	12.12	12.34	12.81
Utilities AA	12.26	12.41	13.05
Preferred Stocks	10.96	11.07	11.41

Source: Standard & Poor's

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 29.

DOLLAR STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

[illegible]

OTHER STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

[illegible]

DEUTSCHE MARK STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

[illegible]

FLOATING RATE NOTES — Spread | Bid | Offer | C.date | C.cpn | C.yld

[illegible]

SWISS FRANC STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

[illegible]

CONVERTIBLE BONDS — Conv. date | Conv. price | Bid | Offer | Chg. day | Prem

[illegible]

YEN STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

[illegible]

* No information available—previous day's price.
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Activity centres on floating rate notes

BY OUR EUROMARKETS STAFF

MOST OF the activity in the Eurobond market was concentrated on floating rate notes (FRN) yesterday. While attention was mainly focused on the new sterling floater from Société Nationale des Chemins de Fer, the French state railway corporation, one dollar FRN was launched and another's terms were given as a preview to its official launch next week.

Banco Hispano Americano is making its debut in the Euromarkets with a 12-year, $100m floater with a coupon of ¼ point over the six-month London interbank offered rate (Libor) at a price of par. The final maturity is 1995, but investors have the option to redeem their notes after eight or ten years. Commerzbank is leading the deal together with Crédit Lyonnais.

Meanwhile, Crédit Commercial de France announced that it will launch a $100m floater for Banco di Napoli early next week. The note pays ¼ point over six-month Libor at par and the long 12-year maturity is tempered by put options for the investor after six and nine years. Dai-Ichi Kangyo Bank and Bank of America are co-leading the deal.

Nomura International announced yesterday the terms on Mitsui Engineering's bond with warrants. The $50m bond will have a coupon of around 7¼ per cent and a five-year maturity. Each bond will carry one warrant to buy $1000 worth of the company's shares. The conversion premium will be around 2½ per cent. This is the second bond with equity warrants Mitsui has issued within a year.

The dollar secondary market was quiet again yesterday as dealers nervously watched the volatile Fed Funds rate in New York. Prices closed down a little on the day.

The Royal Bank of Canada is raising SwFr 130m through a seven-year private placement with a coupon of 5¾ per cent at a price of 99¾.

Markets picked up a little in both Germany and Switzerland yesterday; prices of seasoned bonds rose by up to ¼ point in higher turnover.

Yugoslavian credit

BY JOHN WICKS IN ZURICH

THE SWISS National Bank announced that it last month granted a medium-term credit of $40m to Yugoslavia. This arose out of an earlier guarantee of the sum pledged by the National Bank in connection with the bridging loan granted to Yugoslavia by the Bank for International Settlements.

The credit, which is a finance and not an export loan, was taken [illegible] Yugoslavia in mid-August, a[illegible]ing to the National Bank.

It is guaranteed by the Sw[illegible] federations and is to be re[illegible] four equal annual instalment[illegible]ing in 1987. The National B[illegible] clined to give details of the in[illegible] rate.

WEEKLY U.S. BOND YIELDS (%)

	Sept 21	Sept 14	1983 High	1983 Low
Composite Corp. AAA	11.88	12.05	12.59	[illegible]
Composite Corp. AA	12.07	12.21	12.88	[illegible]
Governments:				
Long-term	11.34	11.59	11.90	[illegible]
Intermediate	11.29	11.52	12.03	[illegible]
Short-term	10.60	10.94	11.25	[illegible]
Municipal	9.32	9.46	9.95	[illegible]
Industrials AAA	11.65	11.78	12.38	10.
Industrials AA	11.89	12.01	12.82	10.
Utilities AAA	12.12	12.34	12.81	10.
Utilities AA	12.26	12.41	13.05	10.
Preferred Stocks	10.96	11.07	11.41	10.

Source: Standard & Poor's